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# WHAT THE BOSS DOESN'T WANT US TO KNOW

## DISCOVERING POWER AND WINNING CAMPAIGNS

## Praise for *What the Boss Doesn't Want Us to Know*

**"The corporate elite have built complex systems to keep us divided, demoralized, and exploited, while too many organizing campaigns still rely on outdated approaches. This book is more than just a theoretical approach to organizing—it is a practical guide to helping workers build research-backed campaigns that empower us to wield strategic workplace power. It is a must-have manual for anyone hoping to take on multinational corporate power and win."**
—Sara Nelson, international president of the Association of Flight Attendants–CWA

**"Only an informed and organized working class can win the war on corporate greed. *What the Boss Doesn't Want Us to Know* is an invaluable field guide for how rank-and-file workers can take matters into their own hands and strategize to build power and win campaigns regardless of the industry they are in."**
—Chris Brooks, chief of staff to UAW president Shawn Fain

**"*What the Boss Doesn't Want Us to Know* pulls back the curtain on the corporate wizards who try to undermine our members and bust our campaigns. The more we learn about what the bosses don't want us to know, the better positioned we are to build a worker movement that reaches far beyond any political moment toward a future we control."**
—Susan DeCarava, president, NewsGuild of New York

**"Too often, progress is only possible when workers can effectively challenge the power of their employers. Doing so requires a deep understanding of the employer, their industry, and finances. *What the Boss Doesn't Want Us to Know* provides an invaluable framework for analyzing a company and developing a winning campaign."**
—Randi Weingarten, president, American Federation of Teachers

**“This book is an invaluable weapon for the rank-and-file worker in understanding how the boss operates, where they are vulnerable, where our tactics should be directed to land the greatest blows, and what we need to know in order to win what workers deserve.”**
—Marybeth Seitz-Brown, deputy organizing director, United Auto Workers

**“Unions must engage in strategic comprehensive research to have a full understanding of the challenges before them. A union’s members are intrinsic to this process. Whether a contract or public interest campaign, members must be involved to be successful. This new approach allows union researchers to plumb the depths of the expertise in the membership to leverage information for better campaign outcomes.”**
—Simon Collins, researcher, Canadian Union of Public Employees

# What the Boss Doesn't Want Us to Know

## Discovering Power and Winning Campaigns

Tom Juravich
Olivia Geho
Andrew Gorry

*What the Boss Doesn't Want Us to Know: Discovering Power and Winning Campaigns*
© 2025 Tom Juravich, Olivia Geho, and Andrew Gorry
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ISBN: 979–8–88744–102–3 (paperback)
ISBN: 979–8–88744–112–2 (ebook)
Library of Congress Control Number: 2024943060
Cover art by Olivia Geho
Cover layout by John Yates / stealworks.com
Interior design by briandesign
Illustrations and tables by Olivia Geho

10 9 8 7 6 5 4 3 2 1

PM Press
PO Box 23912
Oakland, CA 94623
www.pmpress.org

Printed in the USA.

*For Teresa Healy*

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# Prologue

Union organizing is back. After the labor movement faded away in the lives of most Americans, organizing is back. At Starbucks, Amazon, Apple, and Google, to name just a few. Unions are back. Right smack in the middle of American business and culture, at companies many of us use all the time. Organizing is taking place at an unprecedented number of workplaces, including at these icons of consumption. It's hard to ignore, as new campaigns crop up almost every day.

And these are not your parents' unions. The institutional labor movement has provided funds and, in some cases, organizing expertise to some of these nascent campaigns. And they have won big in campaigns like the United Automobile Workers (UAW) victory at Volkswagen in Chattanooga.

But many of the organizing campaigns have sprung up from grass roots in places where no organizing effort had taken place before. Rank-and-file workers are deeply involved in democratic efforts, informed by socialism, anarchism, and a variety of political and cultural beliefs. This is not the tidy unionism of the past, with its committees and subcommittees. It is an unruly, boisterous, and loud movement by workers who weren't raised in union bureaucracy but took their inspiration from radical organizing in the last century.

But not so fast. Not all of this organizing has been successful. Most importantly, very few union contracts have actually been negotiated with the behemoths of twenty-first-century business. It has been more than one year since Chris Smalls and the Amazon Labor Union organized and won a historic union election against all odds at Amazon in Staten Island. Yet Amazon has made absolutely no effort to begin negotiations.

It’s going to take more than picket signs and marches in front of stores and corporate headquarters to win real union contracts with real protections for these workers. Amazon, Google, Apple, and Starbucks, along with so many other firms, are not your nineteenth- or twentieth-century employers with a CEO, a board, and a few divisions that could be brought to their knees by shutting down a single workplace. These are postmodern firms with complex structures, subsidiaries, financing, and operations. To beat these firms and others like them, workers and their unions will need to learn much more about their adversaries to identify key vulnerabilities and build effective campaigns to win.

Over the past two decades, the labor movement has built the capacity to conduct strategic corporate research in support of organizing and bargaining. Increasingly sophisticated research efforts have become central in both of these areas. Currently, however, the vast majority of corporate research is done by professional researchers, which is insufficient to meet this rank-and-file organizing moment. Instead, we need to build on and reorient labor’s approach to corporate research by offering up a radical new practice for investigating employers.

We propose a member-based, democratic approach to corporate research that will build on the current expertise of researchers but, rather than just training more professionals, will also train an army of rank-and-file researchers to investigate and beat the firms that control so much of our lives.

We have utilized this approach with the NewsGuild of New York at the *New York Times*, Reuters, Gannett, and the *Pittsburgh Press*, the United Food and Commercial Workers at Tyson Foods, workers at Google (the Alphabet Workers Union), Apple retail workers, the Association of Flight Attendants at Delta Air Lines, and Trader Joe’s United. We believe this approach holds great promise to supercharge this new organizing wave. What makes this approach different?

So that you fully understand our approach, let us first unpack current practices and explain how strategic corporate research has traditionally been conducted. Three assumptions form the core of the traditional approach to corporate research. The first assumption concerns the sources of information used for strategic corporate research. The traditional paradigm identifies company documents and specialized corporate research databases

as the key sources for researching firms. This includes company documents such as the 10-K and proxy statement and databases such as LexisNexis, Mergent Online, and Westlaw, to name just a few.

The second assumption is that to use these databases and documents fully, one must be a trained professional researcher with advanced, specialized skills. Here the belief is that rank-and-file workers or union staff could not just sign into these databases and use them effectively without advanced training.

Following the first two assumptions, the third assumption is that the labor movement needs to train more professional researchers to meet this new organizing moment. For a number of years, the AFL-CIO has held a summer school at Cornell University to train professional researchers. We need more researchers. But adding thirty, forty, or even a few hundred new professional researchers is the proverbial drop in the bucket and will be unable to meet this moment.

Beyond just numbers, though, we believe that for labor research to grow to capacity, professional researchers must be trained to do more than analyze company documents and use databases. Instead, they need substantive training on how to become teachers and midwives, how to share their knowledge to involve many workers and staff to expand labor research capacity exponentially.

Marybeth Seitz-Brown, a former NewsGuild organizer now with UAW, explains, “There’s always a choice in how to do union work. Do you want to put in the up-front investment in giving other people the skills to do something? Or do you want to just do it yourself? Maybe it happens faster, but you haven’t developed anyone else who can then have those skills and teach other people.”[1]

While there is great variation among unions, the current research practice risks falling into a top-down technocratic approach to conducting research, largely devoid of the involvement or participation of rank-and-file members, union staff, and leadership. Sara Nelson, international president of the Association of Flight Attendants–CWA, reflects on this approach: “My experience was that it was disconnected and not usually very useful. There were very few people who knew anything about it, and it was disconnected from our members or the rank-and-file activists—which is really where the power is generated.”[2]

There have been a number of successful strategic campaigns involving members and staff, but these inclusive campaigns are still the exception. And it is no surprise that many in the rank and file are suspicious of strategic research or campaigns brought to them by union leadership.[3] It's time to change this.

Despite all the growing concerns about the practice of corporate research, it was the COVID-19 pandemic that pushed it over the cliff.

Many years prior to the pandemic, Professor Tom Juravich and graduate students at the Labor Center at the University of Massachusetts Amherst had conducted corporate profiles for unions and environmental groups. Unions typically do this work with in-house professional researchers or work with outside consultants like the UMass team.

So, at the beginning of the pandemic, when the NewsGuild of New York began assisting on a campaign for a Pittsburgh newspaper local that had been working for many years without a contract, NewsGuild organizers Seitz-Brown and Chris Brooks asked Tom and his students to provide research support. By this time, Tom had established a website, called Strategic Corporate Research, as an aid to "looking inside the corporate world." The site, StrategicCorporateResearch.org, provides resources and a framework to those in the labor movement who are building campaigns to beat the boss. We will refer to it often here as a campaign-building resource for you, our readers. We'll explain more on the website and share many of its resources as we go along. Now, let's return to the impact of the pandemic on the NewsGuild's request.

Because COVID restrictions prevented the UMass team from traveling to Pittsburgh, we decided to meet on Zoom. As our team addressed concerns about the traditional corporate research paradigm, Zoom opened new possibilities for collaboration with the NewsGuild that ultimately helped us turn the old model of strategic corporate research on its head. Previously, those of us on the research team would have met once with union officers to receive a debrief of the company and the issues the union was facing, and then we'd have gone off on our own to do the research, consult corporate research databases and public records, analyze that data, and issue a report. Sometimes, but not frequently, we would return to the union to present our findings. Working remotely changed everything.

First, Zoom allowed us to meet regularly with the union, which we would never have been able to do in person. We met once a week for six weeks, with NewsGuild staff and officers joining the ongoing process. Additionally, the ability to hold meetings virtually brought a number of rankand-file workers to the table. “We were, at the time, building up a variety of member committees, the people who were going to be organizing members, people who were working on different things for the strike, like the strike newspaper, and so on,” explains Seitz-Brown. “So it just followed —why not follow the same process for the research?”[4]

From the very beginning, it was a collaborative process. We threw out the old model, which depended mostly on professional researchers consulting online information about a company, and began to create a new one with the members and staff at the center of the process. Using a model that relies on researching questions in twenty-four areas geared to building successful campaigns—which had been developed for the website—we created a Google Doc with prompts for those questions. It was everyone’s job to contribute to that document and participate in weekly discussions about what had been found and what it meant. We rejected the idea that only trained researchers could do this work. Everyone on the team was a researcher—including union staff, local officers, and rank-and-file workers.

In the old practice, union researchers too often privileged the technical information gathered from online databases. Rarely would the information that workers have be acknowledged or systematically gathered. Even more rarely would workers be involved in helping to interpret and make sense of the information that researchers found.

We soon discovered how vital rank-and-file workers were to the project. They provided information and context that went far beyond what was available from research databases, such as a list of clients the Pittsburgh printing facility was servicing.[5] And after applying this new collaborative research method to other projects, the benefits of the approach became more and more obvious. For example, Alan Hanson, currently assistant director of the United Auto Workers organizing department, described the results of implementing our approach in a research project on Tyson Foods for United Food and Commercial Worker International Union (UFCW) Local 400: “We really drew on the expertise of our members. We found out where the chickens are hatched, where they grow, where the feed

lots are at, the private trucking companies, the small trucking companies in Virginia that wouldn't show up [in databases]. By asking them those questions, we got an incredibly rich report that we wouldn't have gotten by just simply going to online resources."[6]

During a campaign for the NewsGuild at the *New York Times*, a worker was able to find detailed information about the tenants in the *Times* building, a potentially powerful pressure point. Such material is not readily available in corporate databases and was invaluable to this campaign. When steelworkers were trying to understand the ownership of the Ravenswood Aluminum Company, the first connection that tied the company to the international financier Marc Rich—which was a linchpin in the campaign—was not made by the company hired to do corporate research but by Linda McCoy, a member of the women's support committee in the Charleston Public Library.[7]

In all the campaigns we worked on, workers were instrumental in helping us interpret our findings and in understanding the industry, the company, and the owners. The seeds were there all along. It became clear very quickly that we would not go back to doing research in isolation. And we asked ourselves, "Why have workers been shut out of the research process for so long?"

We argue that excluding workers is the result of an outdated and deleterious conception of rank-and-file workers and their role in the union, of unions too often relegating the rank and file to the rally or the picket line. No interest in their ideas or their contributions—only their bodies and obedience. They are infantilized and treated as labor's cannon fodder.

"Our members are our greatest resource," declares Susan DeCarava, president of the NewsGuild of New York. She emphatically continues:

> I don't feel like that's been an understood concept within the labor movement, generally speaking. It's almost like in some ways, we have replicated hierarchies that we see in our workplaces, undermining our own work to change that dynamic. I think anything that we can do that lessens the separation between union leadership and staff from rank-and-file members is to all of our benefit. I don't think that we succeed if we replicate the systems that are used to undermine us and keep us out of power.[8]

In terms of corporate research, we in the labor movement need to start thinking differently about the rank and file in two important ways. First, we need to recognize workers' knowledge of their jobs and the company that employs them. Our team's collaborative consulting experience shows that many workers have irreplaceable insights and information on the supply chain, customer base and key suppliers, safety and health issues, and where the firm is headed. Union leaders and researchers need to honor this knowledge and build it into the union's decision-making.

Second, we need to make the most of union members' increasing capacity for digital knowledge. A vast number of union members already have excellent digital skills. And one of the components of our team's six-week program is teaching rank-and-file workers and staff how to use the databases that professional researchers use. Successful maneuvering through these databases has the potential to build an army of rank-and-file researchers to investigate the firm they work for, the industry, and other employers in their community.

With this kind of input and analysis by the workers, the quality of the research is top-flight and done at a fraction of the cost of hiring consultants. Because the process builds institutional capacity for the union, the work produced will be even better in the future. Furthermore, workers who have a hand in conducting this research will be more invested in the union. We will never go back to the old approach, and after reading this book, we hope you won't either.

The strength of this approach is a result of workers and union staff who are integrally involved in the research from the very beginning. They are not left out of the research process or brought into the process "too late" after much of the research has been done. One of the problems traditional corporate researchers face is getting buy-in from union staff and members as they try to sell their research findings and their ideas for a campaign.

We can avoid this problem by ensuring that workers and staff are at the table from the very beginning—not only in conducting research, but in conceiving and helping to develop the campaign based on their lived experience. This is what a democratic union looks like, with the rank-and-file workers who are integral to understanding the employer shaping the fight back.

This is the promise of our new research model. In *What the Boss Doesn't Want Us to Know: Discovering Power and Winning Campaigns*, we share all the conceptual, technical, and practical tools that we have developed and used in these pilot projects and continue to use as our work goes on. But let's be clear. This is not the end of the story. It is just the beginning. It will be up to you and your union siblings to put this new model in motion—to make your own and come up with refinements and innovations as you move forward. Let's get started!

CHAPTER 1

# How We Got Here

Even with the massive wave of new organizing taking place across the country in myriad workplaces, winning is still hard. It is hard to win a union election and harder still to get the employer to agree to a first contract. Employers are getting larger all the time, and they seem to have all the power. And aren't we supposed to have labor laws that protect workers from unfettered employer opposition during organizing drives? How did we get here?

To understand the predicament that workers and unions are facing, we need to look back at our history. We need to understand how labor and employment relations developed in the US, how they are fundamentally different than in other countries, and how they are still changing. It is a uniquely American story.

Prior to legislation passed as part of the New Deal in 1935, workers in the US had no legal protections when they formed unions. But it didn't stop them from organizing. Right alongside the development of industry, workers organized and forged unions. Workers struck in Lowell, Massachusetts, in 1836 as the New England textile industry was just beginning.[1] And while most of these nascent efforts at unionizing lasted for only a short period of time, workers fought back regularly against the brutality of the industrial system.

At the same time, as these mostly Northern industrial workers were organizing, enslaved people in the South were fighting back against chattel slavery using any means possible. In *Black Reconstruction*, W.E.B. Du Bois argued that enslaved people deserting plantations to join the Union Army

“was not merely the desire to stop work. It was a strike on a wide basis against the conditions of work. It was a general strike that involved directly in the end perhaps a half million people. They wanted to stop the economy of the plantation system, and to do that they left the plantations.”[2]

As the Industrial Revolution became a national phenomenon in the late nineteenth and early twentieth centuries in the US, workers walked off the job regularly to protest working conditions and treatment. They organized strikes in which workers and their entire communities stood their ground, in places like Homestead, Pullman, and Lawrence.

Employers fought back. With violence and guns. The history of the US labor movement is one of unrelenting state repression. The National Guard, local militias, and the police have been wielded by employers to crush strikes throughout our history.[3] In the most notorious example, during a strike at John D. Rockefeller’s mine in Ludlow, Colorado, in 1914, the National Guard fired into the worker encampment, killing twenty-five people, eleven of whom were children.[4]

As part of Franklin Delano Roosevelt’s New Deal legislation to pull the country out of the Great Depression, the National Labor Relations Act (NLRA) was passed in 1935. For the first time in US history, workers were granted the right to join a union and employers were compelled to recognize and work with union representatives. After Roosevelt won the greatest electoral college landslide in US history in 1935, the Supreme Court upheld the NLRA in 1937. Roosevelt was quoted as saying, “If I went to work in a factory the first thing I’d do would be to join a union.”[5]

But many have drawn the wrong lesson from this. FDR was not predisposed to be pro-union. What led him—in some ways, forced him—to pass the NLRA was the huge wave of labor militancy that swelled as the Depression worsened. That militancy threatened the American system. So, by giving workers the right to join unions, he brought them back into the political system instead of leaving them outside to agitate for some radical vision of America. In response, workers organized in droves through the newly formed Congress of Industrial Organizations (CIO) and even within the more conservative American Federation of Labor (AFL).[6]

We hear a great deal today about the need for labor law reform—that until we get more favorable legislation, unions’ efforts to organize will be difficult. But we learned from the 1930s that legislation doesn’t precede

activism. Indeed, it is the other way around. Labor militancy pushed FDR's hand. So the question remains: What kind of strategy and action will be necessary to push for substantial changes in labor legislation today? As the workers who came before us learned, we need to do much more than ask for the legal protections we need.

In 1942, at the start of World War II, FDR established the National War Labor Board (NWLB) to mediate home-front labor disputes. NWLB activities during the war years were foundational in framing the labor relations system that would remain in place in the US until the 1980s. For the first time in the country's history, thanks to the NWLB's efforts to minimize disruption in wartime production, unions were brought to the table with management and the government. And in this tripartite system, the state played a direct and strong role in arbitrating labor-management disputes. A number of young economists staffing the NWLB, known as the "Labor Board Crew," including John Dunlop and Clark Kerr, would go on to play major roles in shaping the industrial relations system in the postwar era.[7]

This kind of tripartism, where labor is at the table with management and the government, is taken for granted in Western Europe and the UK but was short-lived in the US. In response to the strike wave that ignited after the end of World War II, management fought back to reassert the unilateral control it had before the war. This was clear in the General Motors contract of 1946. GM rejected Walter Reuther's broad demands to participate in management, offering substantial wage increases instead. As many labor historians have noted, this set in place a pattern for much of postwar labor relations—pay workers enough to keep them happy while refusing them any participation in decision-making.[8]

We also need to remember the economic ascendency of the US and its markets in the wreckage left by World War II. Essentially all US competitors were in shambles after the war, and the US economy boomed for the next three decades. Barry Bluestone and Benjamin Harrison write that during the 1960s, "The nation's gross national product (GNP) expanded by a hefty 50 percent over the decade. … This permitted the average family to enjoy one-third more real spendable income at the end of the decade than at the beginning."[9]

They also report that the annual rate of return on business at the same time was 15.5 percent. So, while continuing to expand their bottom line, American businesses could pay increased wages and benefits and avoid lost time resulting from strikes and work stoppages. This was how employers bought labor peace in the postwar era.

But when a strike wave hit the United States after the war, employers were not satisfied with mere peace. They worked hard to pass the Taft-Hartley Act in 1947, which watered down union protections established by the original language of the NLRA. John L. Lewis, the president of the United Mine Workers of America and the founder of the CIO, bellowed that "the Taft-Hartley statute is the first ugly, savage thrust of fascism in America."[10] It barred unions from engaging in secondary boycotts, which target other companies that do business with the employer. It also forced union officials to sign affidavits that they were not members of the Communist Party.

With unions now back in their proper (restricted) sphere, a rational postwar industrial relations system developed.[11] Building on what began during the war, the 1940s and 1950s saw the emergence of a set of highly formal industrial relations grounded in proceduralism. Unlike early union contracts that did little more than validate the existence of the union, contracts in the postwar era became quite extensive, outlining detailed processes for dispute resolution, including grievance procedures and arbitration. And with these new procedures in place, most unions agreed to no-strike clauses during the life of the contract.

This was a fundamental change in union activity. Prior to these lengthy and detailed contracts, union activity took place on the shop floor and in the community. If a worker was fired, workers walked out, and work stopped until they got justice. And all this happened in the working-class communities where union halls were located. Now the locus of union activity moved from the shop floor and the union hall to company meeting rooms. Instead of direct action, unions now needed to train their leaders and stewards on how to use new contractual procedures—how to file an unfair labor practice, how to file a grievance, and how to prepare for arbitration. To meet this need, a number of university-based labor studies programs emerged to provide training.

Many still regard the era from the late 1940s to the late 1970s as the golden years of labor relations, during what has been referred to as "the postwar labor-management accord." Wages and benefits rose steadily in this postwar American dream. But these were only golden years for some Americans—white workers, men, and those working in large industries. If you were Black, a woman, or worked in one of the small workplaces that economists refer to as the "secondary labor market," the American dream was just a fantasy.

Referring to this era of labor relations as an "accord" also implies that some sense of goodwill existed between the parties. The history tells a very different story. Labor historian Nelson Lichtenstein instead refers to this period as a time of an "uneasy alliance."[12] This was proven by what happened next, as the US economy went into a free fall.

In some ways, it began with the oil crisis in 1973, when OAPEC (Organization of Arab Petroleum Exporting Countries) declared an oil embargo in retaliation for the US support of Israel during the Yom Kippur War. In the wake of a 300 percent increase in the price of oil and growing foreign competition, the US economy headed into uncharted waters—what was dubbed *stagflation*. According to classical economics, stagflation—a major economic slowdown coupled with high inflation—was never supposed to happen. But as it did, it brought into question the Keynesian economic principles that had been the steady hand guiding the US economy since the New Deal.

With the elections of Ronald Reagan in the US, Margaret Thatcher in the UK, and Brian Mulroney in Canada, there was a new call for governments to step out of economic policy and let the free markets work. As Reagan proclaimed in his inaugural address, "Government is not the solution to our problem; government is the problem."[13] As this new neoliberal approach took hold, regulations that had long governed the financial markets and American business were thrown to the wind.

Under neoliberalism, the government would no longer act as a neutral body trying to resolve issues between labor and management. Reagan made that clear when he fired striking air traffic controllers in 1981.[14] He politicized the leadership of the National Labor Relations Board (NLRB) and cut funds for its operation. Reagan rejected the place in society that

unions had occupied since the New Deal and sent a message to the business community that it was open season on organized labor.

American businesses, so used to growth and profits from US markets boiling over without any real competition, now faced what David Harvey has called a "crisis of accumulation" as corporate profits stagnated or fell for the first time in the postwar era.[15] American businesses could have responded in a number of ways. They could have accepted lower profit margins and worked hard to increase the productivity of their operations. They could have turned to their workers, as they had done during World War II, and worked collaboratively to reconceptualize products and markets.

Instead, they remade the way that businesses operated in the postwar era, breaking their relationships with workers, the communities in which their facilities were located, and the American public. The title of Seymour Melman's book *Profits Without Production* proclaims what the situation for many firms would now be.[16] Melman tells the story of how GE's CEO Jack Welch, and so many more like him, "broke capitalism" as we had known it.[17] And all this was possible given the jettisoning of business regulations that had been in place since the New Deal.[18]

The role of the CEO was no longer focused on making profits through the selling of goods or services and building a brand. Instead, it was making money in the short run and delivering to shareholders in any way possible. For the financier Frank Lorenzo, this meant breaking up Eastern Airlines and selling it off in pieces.[19] The *Philadelphia Inquirer* ran a long piece about the Simplicity Pattern Company. The firm had $100 million in cash, but after four corporate raids, the layoffs of thousands of workers, and the raiding of pension funds, the firm ended up $100 million in debt.[20] For GE's Welch, it was an obsession with downsizing: eliminating much of the US-based workforce while shifting work overseas.

One of the major features of this new model was plant closings across the US and the deindustrialization of the country. In the name of increasing shareholder value and short-term profits, work was moved offshore with little regard for the workers and communities that had built the firms, not to mention the horrendous working conditions the workers overseas who replaced them had to endure to generate these increased profits. And so with deindustrialization came the deunionization of America.

This was an incredibly tumultuous time for workers and their unions. In an instant, the careful proceduralism that had been the work of an entire generation of trade unionists became irrelevant. There was no real accord with management. It was shocking how quickly corporate leaders took off the gloves against their own workers in the pursuit of profit. A grievance procedure and arbitration process might help an aggrieved worker get their job back, but how could it stop a plant from closing? How could the labor relations procedures in place prevent the moving of work overseas?

The 1980s were grim for the American labor movement. The stalled economy and the withdrawal of the state from the postwar accord led to a string of massive union losses—including paper workers in Jay, Maine,[21] meatpackers in Austin, Minnesota,[22] and machinists and pilots at Eastern Airlines.[23]

With twenty-twenty hindsight, it's easy to look back and see union leaders and staff as flat-footed and stiff in responding to the new reality. But by this time, procedural unionism was all that most of the leaders of the primarily white, male, and industrial American labor movement had ever known. This was the consequence of losing the connection to the labor movement's activist past, of jettisoning communists and rank-and-file activists from its ranks, and of failing to organize women and people of color who were concentrated in the growing service industries.

These may have been pragmatic decisions for the majority white, male labor movement as long as the US remained an overwhelmingly dominant world economic power, with plenty of surplus to spread around. But once US profits were challenged by resurgent global competitors, and as American capitalists shifted their focus from building successful companies to breaking them up for parts, the US labor movement found itself empty-handed and unable to respond. How do you fight an employer that has severed its connection to its own workers and their communities?

There is no better example than the Steelworkers' strike at Phelps Dodge. The union expected that their strike in 1983 would bring the company back to the bargaining table, as strikes had always done in the past. Instead, as their workers walked out, the union found that replacement workers had already been hired and were standing in line to take their members' jobs. Union leaders found themselves in a bitter strike against a determined adversary playing by entirely new rules. After a year on strike,

the union was decertified at Phelps Dodge, and the Steelworkers lost the entire copper industry.[24]

The rules had changed for what unions could expect to achieve through strikes and other labor actions, and union members that had long been protected within the postwar industrial relations system—and through its goal to maintain labor peace—were now left exposed. As Chris Rhomberg suggests, “The strike, I argue, has been transformed from an economic tactic and protected legal right to a more high-risk confrontation in which the issues at stake are not just the dollars and cents on the table but the continued existence of the collective bargaining relationship.”[25]

CHAPTER 2

# Reconceptualizing Resistance

Unrestrained attacks by the capitalist class in the late 1970s and early 1980s turned the world upside down for American workers and their unions. The kind of companies they had known through the postwar era were now unrecognizable. In terms of its culture, capitalism had outgrown its paternalism and was growing into something much worse. And the careful procedural system propped up by government intervention had become largely vestigial—a leftover from an earlier era. The "labor-management accord" was dead.

Looking at this historically, Tom Juravich writes, "Labor has been successful when it develops forms of resistance that take into account how employers are structured and how they operate in the context of the state."[1] Given the cataclysmic changes in the structure of corporations and the major withdrawal of the state from labor relations, it was clear that workers and unions would need to develop new forms of resistance. While there were still those who clung to the old procedural unionism, innovation was born out of this crucible. Labor had no choice. It was losing. The labor movement needed to reconceptualize resistance.

## Devising Good Strategy

In this chapter, we begin by looking first at the organizing efforts of the union that became the United Farmworkers of America (UFW). Much of the Farmworkers' best organizing took place in the mid-1960s, when the rest of the American labor movement was still deeply enmeshed in the

postwar accord. The UFW was forced to build this organizing strength because farmworkers had been explicitly excluded from coverage in the 1935 National Labor Relations Act, part of a compromise FDR made to gain the support of Southern Democrats. Consequently, farmworker organizing had never been able to rely on the same institutional protections that were in place for other workers.

Both the AFL-CIO and the Teamsters had tried to organize farmworkers and failed. In his book *Why David Sometimes Wins: Leadership, Organization, and Strategy in the California Farm Worker Movement*, Marshall Ganz, a former top UFW staffer, asks why the Farmworkers won when larger, better-resourced unions didn't. He begins by rejecting the conventional explanation that it was somehow the result of the charismatic leadership of Cesar Chavez. Instead, he argues, "The UFW was able to do this because the motivation of its leaders was greater than that of their rivals; they had better knowledge of salient factors; and their deliberations became venues for learning. These are the three elements of what I call *strategic capacity*—the ability to devise good strategy."[2]

Ganz describes how it happens: "Indeed, in a complex, changing environment, devising strategy requires team members to synthesize skills and information beyond the ken of any one individual, like a good jazz ensemble. And good strategy, like good jazz, is an ongoing creative process of learning to achieve a desired outcome by interacting with others to adapt to constantly changing circumstances."[3]

And this is exactly what the Farmworkers did. Because union leaders and staff were so close to workers in the fields, they gathered very detailed information about the intricacies of the work and the work process. Also, because the growers at that point were very local, the Farmworkers were able to gather a great deal of significant information about their vulnerabilities. This approach of finding weaknesses in your opponent came directly from the work of Saul Alinsky and the Industrial Areas Foundation.[4] One of Alinksy's apprentices, Fred Ross Sr., became a major player in the Farmworkers.[5] Under Ross's influence, the Farmworkers were always gathering information and analyzing it to identify the vulnerabilities of employers. In the process, they built their strategic capacity and opportunities for organizing in a dynamic process that allowed their tactics to continually evolve as circumstances changed.

For example, Ganz documents how the Farmworkers responded to the end of the Bracero Program (1942–64), which had permitted Mexican citizens to take temporary farm work in the US. The UFW went directly to the workers, organizing a community-based social services program. This was not something they had done before, but it marked an important transition for the union.[6] And one made possible by the strategic capacity they had built.

The Farmworkers' approach to building strategic capacity and using that capacity to continually identify organizing opportunities—far ahead of its time—was adopted by much of the labor movement after the end of the "labor-management accord." And although the later history of the Farmworkers and their legacy is quite complicated, these early efforts still stand among labor's most important innovations.[7]

One of the first campaigns to use the Farmworkers' approach was the organizing drive by the Textile Workers Union at J.P. Stevens in 1979.[8] Stevens, a textile company, made sheets and towels in a number of company towns across the South. In fact, the union's initial campaign called for a boycott of Stevens products, an approach that borrowed heavily from the UFW boycott of grapes and lettuce from local growers as they fought for a major raise in farmworker wages nationwide. But the "Don't Sleep with Stevens" campaign of the textile workers faltered when they realized that Stevens products were marketed under a number of different names, and, unlike grapes, sheets and towels did not spoil.

Into this void stepped a young staffer, Ray Rogers. His approach drew on what Ganz describes as gathering salient information. As an organizer, Rogers knew that organizing in these company towns in the South was tough despite the many years that the union had spent trying to build a base. But unlike the local growers the Farmworkers organized against, J.P. Stevens was a major corporation, and gathering salient information would have to happen differently. Before the personal computer or the internet, Rogers went to microfilm at the library and pulled information on the J.P. Stevens board of directors. He was looking for any weaknesses the union could use, taking a page out of the Farmworkers' playbook.

What did Rogers discover? One of the board members was the CEO of Avon. While he promoted the empowerment of women in his core job at Avon, he was guilty of exploiting them in the firm where he served on the

board of directors. Rogers contacted the man and asked him to push the company to recognize the union. Rogers also pressured other board members, including the CEO of Manufacturers Hanover Trust Company, a regional bank in New York State. His innovative strategy was to move the struggle to another venue, away from the company towns where Stevens had all the power. As Rogers later disclosed, “The goal of the campaign was to cause those institutions tied to Stevens to exert their influence on the company to recognize the rights and dignity of the workers and sit down and bargain.”[9]

Although it didn’t happen overnight, after months of increasing pressure and secret meetings between the parties, J.P. Stevens voluntarily recognized the union. The labor movement and the business community were stunned. *Business Week* declared that the campaign marked “a transformation in union tactics that poses a serious new challenge to employers.”[10] The labor journalist Abe Raskin reported the victory on the front page of the *New York Times*, and this seemed to be the silver bullet the labor movement had been looking for. All labor had to do was pressure corporate boards like they had done at J.P. Stevens, and companies would fall like dominoes. Rogers started his own consulting business, Corporate Campaign, Inc., which is what these campaigns came to be called.[11]

But in many ways, the dream never came true, and Rogers’s victory at J.P. Stevens could be seen as a one-off. He never landed another victory through a corporate campaign. To be fair, the campaigns he became involved in at Hormel, International Paper, and A.E. Staley were complex and involved complicated union issues. And in the process, the labor movement learned that many board members are not leverageable, and others don’t even care.

Although leveraging corporate board members alone didn’t turn out to be a game-changing tactic, the Stevens victory included a critical strategic insight, one that lies at the foundation of almost every successful campaign that has followed. Traditionally, union organizing campaigns had focused on directly pressuring the primary employer: picket lines, rallies, and sometimes even civil disobedience at the plant gates. In many ways, the traditional union tactics used before Ray Rogers feel like those used in World War I, when adversaries set up their trenches and both sides fired their cannons, rockets, and bombs. Few unions win these kinds of direct

assaults because management comes armed with far more resources at their disposal.

The campaign at J.P. Stevens took a very different strategic approach. No pressure brought directly at Stevens facilities. No picket lines, rallies, or civil disobedience. Instead, all the pressure was put on secondary targets, defined by the Midwest Academy as those with "power over the people with the power to give you what you want."[12] The most important lesson from the Stevens campaign, then, is not about the value of pressuring board members. Instead, it is the importance of using secondary targets and understanding how they can be fundamental sources of leverage.

In the years since the Stevens campaign, we have learned about using pressure on a myriad of possible secondary targets beyond corporate board members—including suppliers, customers, shareholders, and regulators. One of the central arguments in John Womack Jr.'s *Labor Power and Strategy* involves his focus on the supply chain and on identifying "choke points," or the technical bottlenecks situated in and between sites of production and distribution, as important points of leverage.[13]

We don't want to overplay analogies to warfare here, but it is hard to ignore how military thinkers dating back to Sun Tzu have understood the sometimes unbearable costs of the direct assault. To cut your losses, consider flanking maneuvers, using allies, interrupting supply chains, and doing the unexpected. This is how the Farmworkers, and later the union at J.P. Stevens, won. They did not play the game as the employer had framed it but changed the rules through strategic innovation and won.

## Labor Militancy Returns

In addition to this latest strategic approach, a new grass-roots shop-floor labor activism exploded in the wake of the wreckage of the 1980s. It was a clear rejection of the careful proceduralism that had allowed the labor movement to fall to its knees. This new activism took a variety of forms. In some cases, it was militancy against the employer. Jerry Tucker of the UAW New Directions movement introduced in-plant strategies for slowing down production and organizing key sick-outs.[14] This "Inside Game," as he called it, was a return to the shop-floor activism of the 1930s.

In other cases, it was unionists rising up to challenge the leaders of their own locals and international unions who were clinging to an old procedural past that was no longer working. We saw the emergence of rank-and-file movements in the UAW around the publication of *Labor Notes*, in the United Mine Workers of America (UMWA) with Miners for Democracy,[15] and in a number of other unions.[16]

Many of the intra-union conflicts between the old guard and rank-and-file militants happened behind the scenes at union conferences and conventions. But sometimes conflicts broke out right in the open, like the 1985–86 contract fight at Hormel in Austin, Minnesota. The UFCW had negotiated a concessionary agreement for all the Hormel plants. But Local P9 in Austin rejected the contract and went on the offensive against both the company and the international union. They struck the plant, forcing a shutdown. The local hired Ray Rogers, who initiated a corporate campaign.

As the company tried to bring in replacement workers in January 1986, the local union held massive rallies and blockades to keep them out. Activists from around the country came to Austin. At one point, the National Guard was called in and used tear gas against the striking workers. This was the kind of conflict the US had not seen since the 1930s. Although in the end the UFCW forced Local P9 to accept the concessionary agreement, the strike at Hormel forever changed what labor battles would look like going forward, with immediate echoes in the 1987–88 International Paper strike in Maine[17] and in the 1989 Pittston Coal strike.[18]

Despite that devastating betrayal and loss, the spirit of Local P9 strikers came to life again in the 1993–94 strike against A.E. Staley in Decatur, Illinois. The plant produced high fructose corn syrup. It was part of a wave of strikes that year that included Caterpillar and Firestone. The union, Allied Industrial Workers of America Local 837, began by mobilizing the membership and organizing an ambitious work-to-rule campaign that ultimately led to a walkout.[19]

Once on strike, Local 837 organized a group of rankand-file workers called the “road warriors” to travel around the country to talk about the strike and raise funds. From 1993 to 1995, they raised over $3.5 million. Stephen K. Ashby and C.J. Hawking argue that “no other union in US history has sent so many rank-and-file workers to speak in so many cities and garner support over such a prolonged period as did the Staley

workers."[20] A central part of their pitch was a call to arms to join the picket line in Decatur, which was beginning to see more aggressive police tactics and increasing civil disobedience by the union and its supporters.

The underlying premise behind the local's strategy was that the strike would be won or lost at the plant gates in Decatur. The campaign had two main thrusts, both of which the union believed were crucial to winning: stopping production at the plant and bringing attention to the injustices happening to the workers at Staley by educating the public, both in Decatur and around the country.

Union members went door to door in Decatur on a number of occasions, and every household received multiple mailings about the strike. In one of the mailings produced by Ray Rogers, a brochure titled *Crisis in Decatur*, he explained the multiple safety violations committed by management and pinned the blame for the strike squarely on them. The union mailed it out to everyone in Decatur as well as to Rogers's database of sixty-two thousand union activists across the country, generating a flood of written and strike-fund support.[21]

The efforts by Staley workers were impressive, and you could not ask rank-and-file workers to do more than they did at Staley. But in the end it was not enough, and the battle against Staley was lost. So why did they lose? Ashby and Hawking suggest that "the defeat at Staley wasn't created by the local union tactics." Instead, they write, "The Staley workers lost because of the weaknesses of the American labor movement."[22] They continue, "Despite the three and one-half years of outreach, the Decatur labor struggles only drew seven thousand workers to a national mobilization—even though Illinois and its six bordering states were home to 3.5 million unionists in 1995."[23]

Ashby and Hawking seem to be arguing that if only the rest of the labor movement had responded with more people coming to Decatur, the strike could have been won. Again, this is based on a traditional view of the firm and the assumption that the contestation of power was, in fact, in Decatur. Staley, however, had been bought in 1988 by UK-based Tate and Lyle, the leading sugar company in the world, with operations in more than two dozen countries.

Even if the AFL-CIO and other unions had mobilized their members and brought fifteen or twenty thousand workers to Decatur, were they

actually putting pressure on the right target? Did the leadership of Tate and Lyle really care about what people in Decatur or trade unionists in the US thought about the reputation of the company? How was this kind of action having any impact on the company's bottom line? Chris Brooks from the UAW argues:

> I think there's a fetishization of the strike as the only solution to things. I'm a big fan of striking. Let's rebuild the strike. It may be necessary, but oftentimes it's not sufficient. And then we see that there are some times when it definitely shouldn't be the option on the table, you have to think about other alternatives. And so I think it really helps to give people the chops to think about power in a more effective way.[24]

The union's focus was exclusively on tactics, instead of stepping back and doing the strategic analysis that would have likely suggested other tactics and ones that could have led to victory. It would take much more than a massive demonstration or bad publicity in Decatur, Illinois, to bring down a global giant with its headquarters four thousand miles away across an ocean.

CHAPTER 3

# Is Militancy Enough?

At the beginning of the 1990 lockout at Ravenswood Aluminum in West Virginia, the Steelworkers took a similar approach as the workers at A.E. Staley. The focus was on walking the picket line, building support in the town of Ravenswood, and tossing mud at the name of the company and its CEO, Emmett Boyle.[1] Image 3.1 details the traditional approach unions took at Staley, initially at Ravenswood, and throughout much of the labor movement in the postwar era. The focus was on pressuring the direct decision-makers and slowing production by keeping scabs out.

After Steelworkers vice president George Becker visited the Ravenswood picket line several months into the lockout, he commented on the workers' predicament: "Our people were sitting on a picket line with no effective means of putting the company under pressure whatsoever. Our members couldn't even picket in front of the plant. They were under an injunction."[2] Based on his visit, it was clear that this lockout could not be won on the line at Ravenswood, and the union began putting the pieces together to build an ambitious program of strategic research that would lead to a strategic global campaign.

As part of the research process, not only did they discover that CEO Boyle was not a decision-maker in the firm, but they found that the firm was controlled by international financier Marc Rich. And then they unearthed a particularly interesting detail: Rich did not control the firm through his direct ownership but through control of the company's financing, raw materials, and some of the output of the plant. It would take

more than a picket line in West Virginia to win against Rich and his operations based in Switzerland.

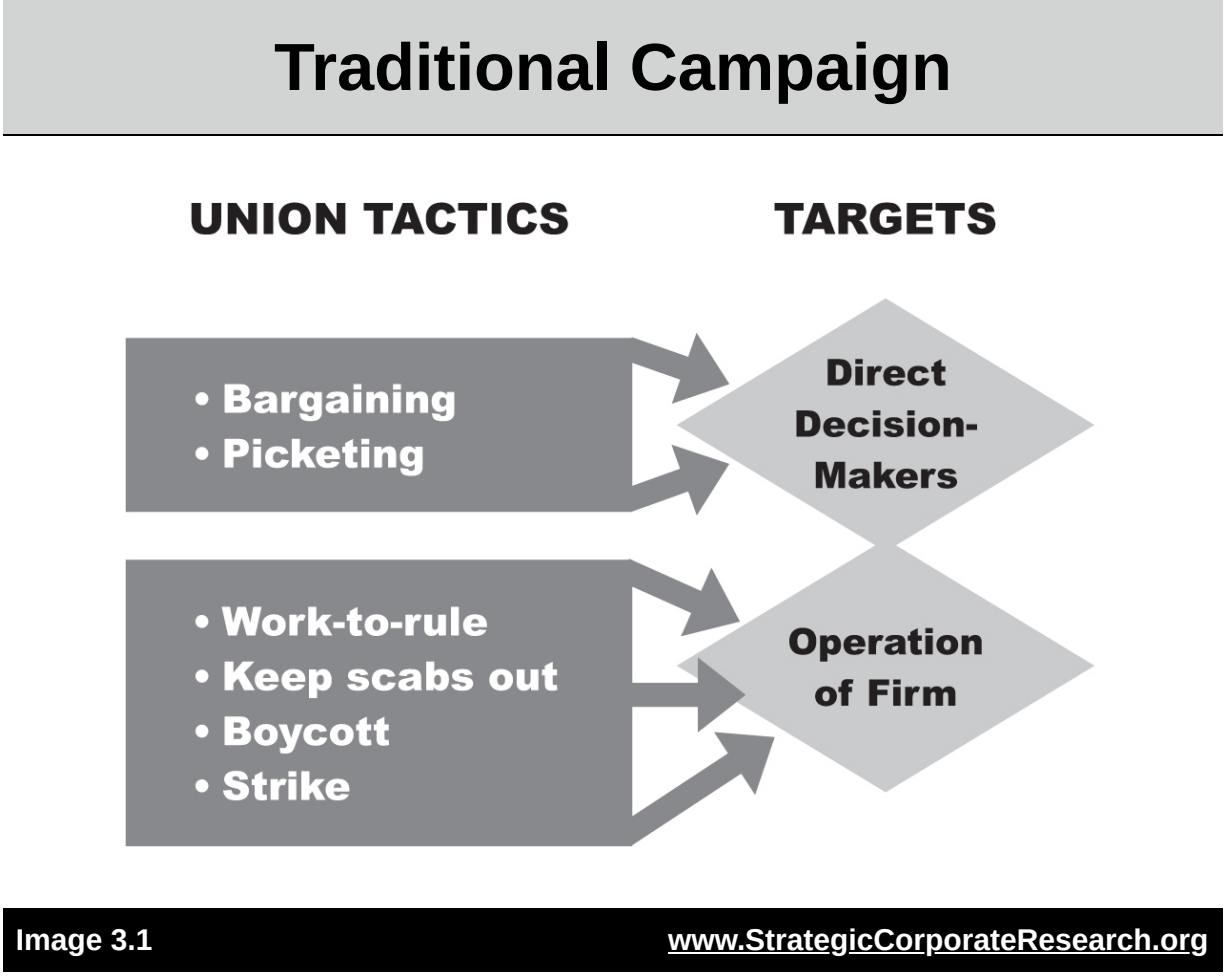



**Image 3.1** www.StrategicCorporateResearch.org

Image 3.2 outlines the basic structure of a strategic campaign, such as the one conducted at Ravenswood and many campaigns since. First, it looks at a broader set of decision-makers far beyond the CEO. A decision-maker could be a private equity firm, a major stockholder, or, in the case of Ravenswood, a financier on a different continent. For example, Hilton Hotels is no longer controlled by the Hilton family but by the private equity group Blackstone, and Bill Gates is a major shareholder and decision-maker in the waste disposal firm Republic Services. This focus avoids a major strategic flaw of the Staley campaign—failing to identify and leverage the actual decision-makers of the firm.

But as we can see in image 3.2, this model doesn't focus on pressuring decision-makers alone. It also looks at the operation of the firm. Instead of thinking of every company as a single, discrete unit—which may have been appropriate for small firms in the early twentieth century—it recognizes that modern firms typically have multiple loci of production, and it provides the tools to locate where the most profits are generated within a firm. These points are precisely where the union wants to exert leverage to have the largest economic impact. For example, in the campaign at Wirecutter (owned by the New York Times Company), the NewsGuild discovered that the major source of profit was generated by the links the site provided to purchase items.

A strategic campaign model must also focus on the company growth plan (see image 3.2). These are the areas the company invests in; they are likely to be discussed with investors, and they may be part of the story the company tells to the public about its direction and future. Applying leverage at points that impact a company's growth plan has an oversized impact, given the growth plan's highly public face and the fact that CEOs and management are often evaluated on their ability to execute it. In a public company, the CEO and board of directors can be held accountable by shareholders for failing to increase profits and returns, and for all companies, the shark logic of capitalism holds: continually move forward or die.

# Strategic Campaign

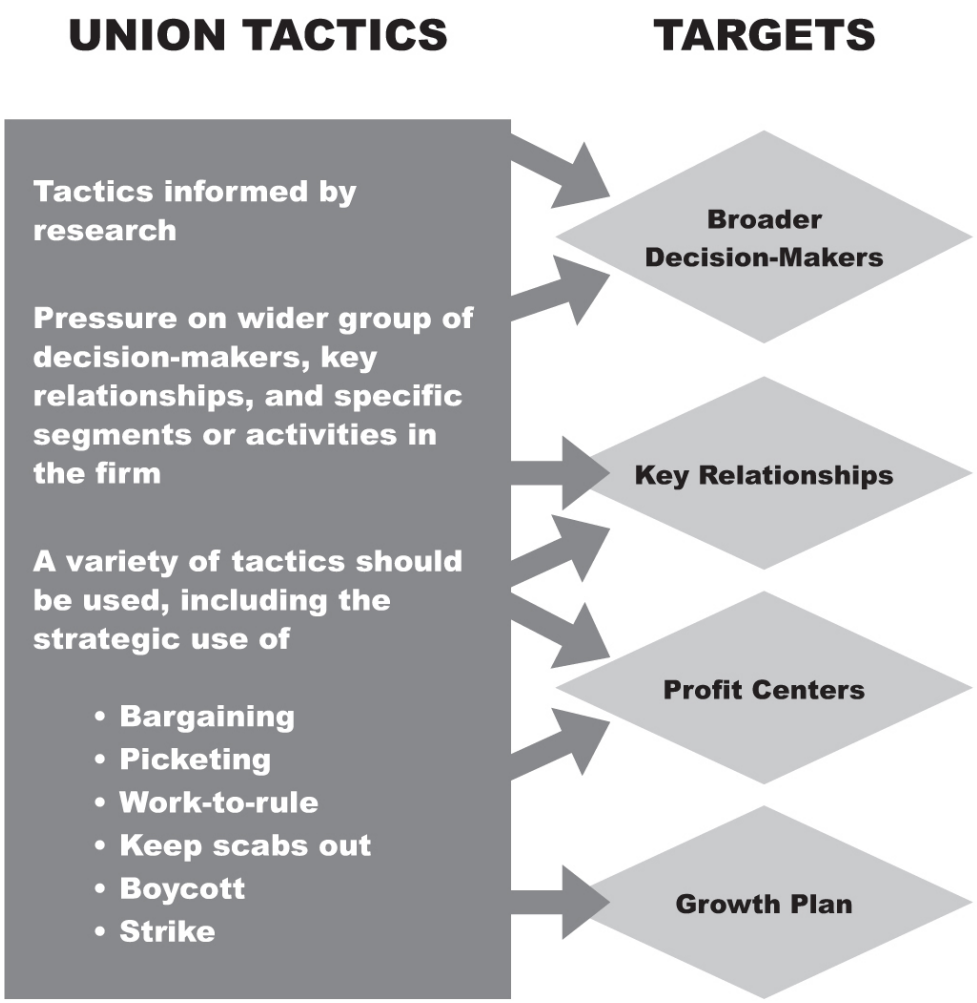



**Image 3.2** www.StrategicCorporateResearch.org

For example, in our work with a union organizing Apple retail, we used analysis from the financial press and the company's public statements to determine that the growth plan for Apple did not depend on hardware like iPhones and iPads, which have already saturated the market. Instead, the company's growth plan was in selling services, where the profit margin is twice as high as hardware and the existing base of iOS customers can be continuously monetized.

Finally, image 3.2 also identifies the importance of key relationships, or secondary targets, that firms need to execute their growth plans and grow their profits. As Jarol B. Manheim suggests, “At a more fundamental level, corporate campaigns attack the viability of the essential relationships on which any corporation depends—relationships with its customers, shareholders, bankers, regulators—in summary, with all of its key stakeholders.”[3] We see this principle in action in the campaigns by the Farmworkers, at J.P. Stevens, and Ravenswood, where the union targeted key relationships with suppliers, customers, and regulators, including OSHA and the EPA. More recently, these techniques were used in the UFCW campaign against Smithfield (the world’s largest hog-processing plant).[4]

What is the fundamental difference between a strategic campaign model and a more traditional campaign model? A strategic campaign has the potential for multiple targets and points of leverage. One of the important lessons from the experiments and losses of the 1980s is that a single-strategy campaign is unlikely to win against a powerful, global corporation. The Steelworkers discovered at Ravenswood that a multifaceted campaign—one that brings multiple, escalating sources of pressure targeting multiple points of leverage—can succeed where the 1980s campaigns failed. George Becker of the Steelworkers emphatically described the basic philosophy behind their winning campaign:

> The last thing I wanted the company to think of before they went to bed at night, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, and Sunday, is all the problems and difficulties we caused them that day. And the first thing I wanted them to think of when they woke up is, oh, Christ, I’ve got to go out and face them sons of bitches again. … If we let an hour go by that our name didn’t cross their minds for some reason or another, then we were failing.[5]

Becker understood the process of developing these multiple points of leverage and how they could be used over time in a series of escalations. One of his primary breakthroughs for the Ravenswood campaign was understanding that coming in, he did not know how to win. There wasn’t a

playbook to follow that would bring the company to the table to fairly deal with the union. So he assembled a team that met periodically throughout the campaign to consider and reconsider all possible strategies, some of which would become operational. This process built on the key innovation of the UFW described by Marshall Ganz: developing new strategies from salient information and melding the individual strategic abilities of a diverse leadership team.

As Richard L. Trumka, former president of the AFL-CIO, described, "Corporate campaigns swarm the target employer from every angle, great and small, with an eye toward inflicting upon the employer the death of a thousand cuts rather than a single blow."[6] Ray Rogers used a boxing analogy to make the same point, saying, "It was like Muhammad Ali doing Sonny Liston. He jabbed him here and he jabbed him there, he danced around and boom, boom, boom, weakened him, always knowing that he was going to come in with a final knockout blow, but he could not take on his adversary head-on, he had to figure out ways to go in the back door before he could actually deal that knock-out blow."[7]

But to ascertain who and what the decision-makers, key relationships, profit centers, and growth plan are requires extensive—and strategic—corporate research. This information is available from a variety of corporate documents, financial databases, and—perhaps most importantly—the workers themselves and the union staff with whom they organize. Rank-and-file workers and on-the-ground organizers know a great deal about the details of their firm that won't be found in corporate documents.

Strategic corporate research is based on the understanding that no two firms are alike and that only after detailed research can the union develop a strategy and select the correct tactics to be used on "Monday, Tuesday, Wednesday …" For example, after their victory at Ravenswood, the Steelworkers tried to run a similar campaign at a small, privately held firm, Bayou Steel. It was largely unsuccessful, because the strategy and tactics did not come from detailed research on Bayou Steel. In later chapters, we look carefully at this research process and provide tools on how to proceed.

## The Challenges, Dangers, and Promises of Strategic Campaigns

Employing a strategic campaign, especially one where some attention is not placed directly on the workplace or employer itself, can be disconcerting

given our long history of striking and picketing at plant gates. As we have already seen, the model has great advantages, especially when we are fighting major global firms. But it's important to consider the challenges and dangers of this approach.

One of the clearest dangers comes when strategic corporate research is conducted outside the lived experience of workers and the larger efforts at organizing. This isolated approach to corporate research can easily fail to go through the process Marshall Ganz described as analyzing salient information collectively.

Jane McAlevey has also raised a number of concerns about the connections between strategic campaigns and the growth of top-down, antidemocratic unionism. McAlevey sees strategic campaigns—which she refers to with the older nomenclature of corporate campaigns—as part of an organizing model fundamentally at odds with rank-andfile unionism.

There have undoubtedly been top-down campaigns that have utilized strategic campaign techniques. Given that strategic research and strategic campaigns can be difficult and time-consuming, however, we argue that a substantial number of top-down deals have not been based on strategic corporate research and strategic campaigns. For example, the Washington State case that McAlevey writes about in *Politics & Society* as an example of a strategic campaign does not appear to be one at all.[8]

Instead of a top-down approach, McAlevey advocates for grassroots organizing. She argues that the only true power that can beat capital comes from workers themselves at the point of production. But as we saw in the strike at Staley, this kind of local power proved ineffective against a global giant like Tate and Lyle. As Kim Voss reminds us, it is important to recognize how fundamentally the character of capitalism has changed since the 1930s.[9]

McAlevey and others remind us of the power of disruption and labor militancy. There will be no revival of the labor movement in the US without it and without moving outside of the remnants of postwar institutional labor. But does this commitment to rank-and-file grassroots unions mean that we must reject strategic corporate research and strategic campaigns?

Garrett Stark, former organizing director of the Alphabet Workers Union, suggests the opposite: "Where we can, we're running recognition campaigns using traditional NLRB processes. But without strategic research

and a strategic campaign, it's not enough to win at the labor board with a company like Google/Alphabet if we can't put enough pressure on them to win. We need to establish a framework of strategic campaigns based on strategic research for our members to understand what's required to be able to win."[10]

Simon Collins, a researcher at the Canadian Union of Public Employees, concurs. He notes that in an organizing drive, "You're asking people to make a very, very hard decision where they're usually under duress or threat from some kind of force. Usually, that's quite intimate because it's usually their boss breathing down their neck. So giving them the appropriate amount of cover and destabilizing your opponent are key goals in terms of moving forward."[11]

We suggest that choosing between militancy and strategic campaigns is a false dichotomy. Ruth Milkman has made an important contribution to this issue. Her analysis demonstrates that it does not matter whether a campaign begins as a bottom-up or top-down approach, but only that it ultimately includes both to a large degree.[12] The power of these findings is that we need to move beyond ideologically driven one-size-fits-all models that are assumed to work for every campaign. As Milkman suggests, successful campaigns can begin in a variety of ways and take a wide variety of shapes.

There is much to be said for the majority participation strike model that McAlevey and others advocate for. And it is, without a doubt, necessary for a labor revival. But this approach alone has been demonstrated to be insufficient in the face of global capital and a state that is hostile to labor and workers. As we have seen in the case of Staley, it was clearly not enough. This is not to suggest that it may not still be appropriate for some employers that do not have the resources to prevent or outlast a stoppage in production. But we must question if a CIO model forged in the context of capital and the state of the 1930s could be the appropriate paradigm for labor in the twenty-first century.

Given the challenges of organizing and bargaining in this period, why would a union not exploit vulnerabilities or secondary targets to exert pressure on the firm? One of the lessons from strategic campaigns is the necessity of building multifaceted campaigns that attack the employer on a number of different fronts—including finding "choke points" or simply

bringing production to a halt where it is possible to do so. Strategic campaigns should absolutely include utilizing or building a strong rank-and-file operation on the ground. Labor actions that aren't based on the desires and power of the workers will lack the muscle to win—every time. Strategic research and rankand-file unionism are not competing but complementary approaches that must be used together to beat global capital in the twenty-first century.

## Strategic Research and Campaigns as a Mechanism for Inclusion and Democracy

Not only do we reject the idea that strategic research and campaigns are by definition antidemocratic, but also, based on our work with a variety of unions during the COVID-19 pandemic, we have shown how a participatory strategic research model can be crucial to restoring inclusion and democracy within unions.

This new paradigm respects what workers know about their employers. It sees them as important analysts of larger information collected as part of the research process. And it recognizes the digital skills they have already built by providing them the ability to learn more advanced corporate research tools. It is not just about developing technical research skills but also developing the kind of strategic capacity Marshall Ganz refers to as being able to use the information gathered in a dynamic fashion and build campaigns that continually adapt given changing circumstances.

Susan DeCarava describes the impact of a participatory strategic research model on her own union, the NewsGuild of New York, by conveying how members involved in the research process have expressed their newfound power: "I have some agency here and I'm going to try and exercise it." As DeCarava notes, "That's what makes organizing a radical process. That's what makes the research a radicalization process."[13]

Alan Hanson, assistant director of organizing at UAW, also makes the connection between conducting participatory strategic research and larger issues of democracy and inclusion: "None of that [the research] matters if this is not done as part of a larger program within the local of member engagement and of member activism. If this research project is just something that people do, and then it's not used to organize new workers or

to win better contracts, then it's just going to be an interesting parlor trick and nothing else."[14]

As International President Sara Nelson observed after overseeing a participatory strategic research project with us for the Association of Flight Attendants–CWA, "This is a really valuable project that has to be woven back through the rest of the campaign and the rest of the union." She continues:

> The first and most powerful thing that I've heard from the people who have participated on the project is just that they suddenly felt like they had the tools. They felt like the curtain was pulled back on Oz, on the wizard, and they were able to see it for what it is. All these things that didn't make sense to them for so long suddenly made sense. So that awakening and then sharing it with the rest of the organizing committee and the other people who are living, sleeping, and breathing the campaign was incredibly powerful.[15]

Alan Hanson agrees, speaking of the excitement his team of rank-and-file participants felt when they realized they had the tools to do research that would guide the strategy for their campaign: "You didn't have to travel to Oz to get this information; you had it right at your fingertips. One worker drafted his own report and included graphics. It was a really, really rewarding experience for the members, and added real capacity for the union."[16]

At the Communications Workers of America (CWA), Nell Geiser, director of research, oversees the union's organic approach to combining the expertise of rank-and-file activists with its staff of professional researchers. They explain:

> We're very focused on participatory action research as a framework, building capacity across the union, and making our bargaining and organizing support something that always has a teaching element to it. And we've made a lot of headway in creating research committees, research and campaign committees that are subcommittees of larger organizing committees or mobilization committees. And I think we've learned a lot in the

past few years about how to do that effectively, giving people the tools they need to organize and operate their own unions.[17]

We don’t need just a few more professional researchers. We need an army of researchers. And we believe that this model has wide application for unions representing many different kinds of workers, as well as community-based and environmental campaigns. If every working person replaced just 5 percent of their social media time with learning how to understand the firm they work for, the firms they buy products from, and the firms that are polluting their community, we could change the world.

CHAPTER 4

# Conducting Strategic Corporate Research

So far, we've established that systematic, in-depth, rankand-file-led research is critical for winning against the boss in the twenty-first century. Now *you* need to know how to actually conduct that research. It's not enough to theorize about the corporation's weak points or assume that you can use the same tactics that worked at another company—or even at the same company in the past. Otherwise, you'll end up picketing outside of the Staley plant in Decatur or trying to use Ray Rogers's silver bullet against a board of directors who couldn't care less. You need to be intentional and exacting about your targets and your actions.

You might assume the best way to begin strategic corporate research is by getting on your computer and googling. This is what everyone did in the early days of corporate research as web searches became widely available: part of the focus was to find dirt on the employer, and to keep looking until you found it. As we have learned, however, finding dirt—something about the employer that is embarrassing or would look bad in the press—is no longer a deciding factor in winning an organizing or bargaining campaign, if it ever was.

Alan Hanson suggests, "I think we've learned in the previous generation of 'shame on you' corporate campaigns that these corporations don't have shame. Because we need to organize for power, we need to research for power."[1] Marybeth Seitz-Brown concurs: "People think, 'If we embarrass a boss, wow, they'll come to their knees.' … They don't really care about their image a lot of the time."[2]

Instead of looking for information that could simply embarrass, you want to collect information that creates a comprehensive picture of how power flows through a corporation. That shift in mindset matters, because the way we think about our goal will change how we think about what we're searching for and the way we process what we do find. As Garrett Stark explains, "I think teaching people how to do the work of the research has value and is important. But to understand the why and the framework is even more foundational."[3]

The other problem with general web searching as a research technique is that if you google any medium to large employer right now, you are likely to be overwhelmed by a massive number of hits. How do you determine what information will help you understand the company and what information is useless fluff? Unfortunately, the search engine algorithms that determine what you see are not necessarily geared to help you. Recent books like Safiya Umoja Noble's *Algorithms of Oppression: How Search Engines Reinforce Racism* and Shoshana Zuboff's *The Age of Surveillance Capitalism* discuss how search engine results are subject to corporate bias.[4]

In 1959, before personal computers, smartphones, and the internet, the American sociologist C. Wright Mills wrote in *The Sociological Imagination*, "It is not only information that they [working people] need—in this Age of Fact, information often dominates their attention and overwhelms their capacity to assimilate it."[5] If this was the case in Mills's time, it is so much truer in ours. In strategic corporate research, the goal is not just to gather all the information that search engines provide and wallow in the details. Instead of simply relying on more data, we need frameworks that help us identify the relevant questions to ask and the best resources for finding that information—and we need them before we begin. In the evolution of strategic corporate research and campaigns, a number of approaches emerged. In the 1980s, one of the early frameworks was called a "power analysis." To create this kind of analysis (see image 4.1) you would typically begin by writing the target company's name in the middle of the page and then, after brainstorming, surround it with all the company's possible connections to power. Later models include areas where leverage might be possible.[6]

# Early Power Analysis

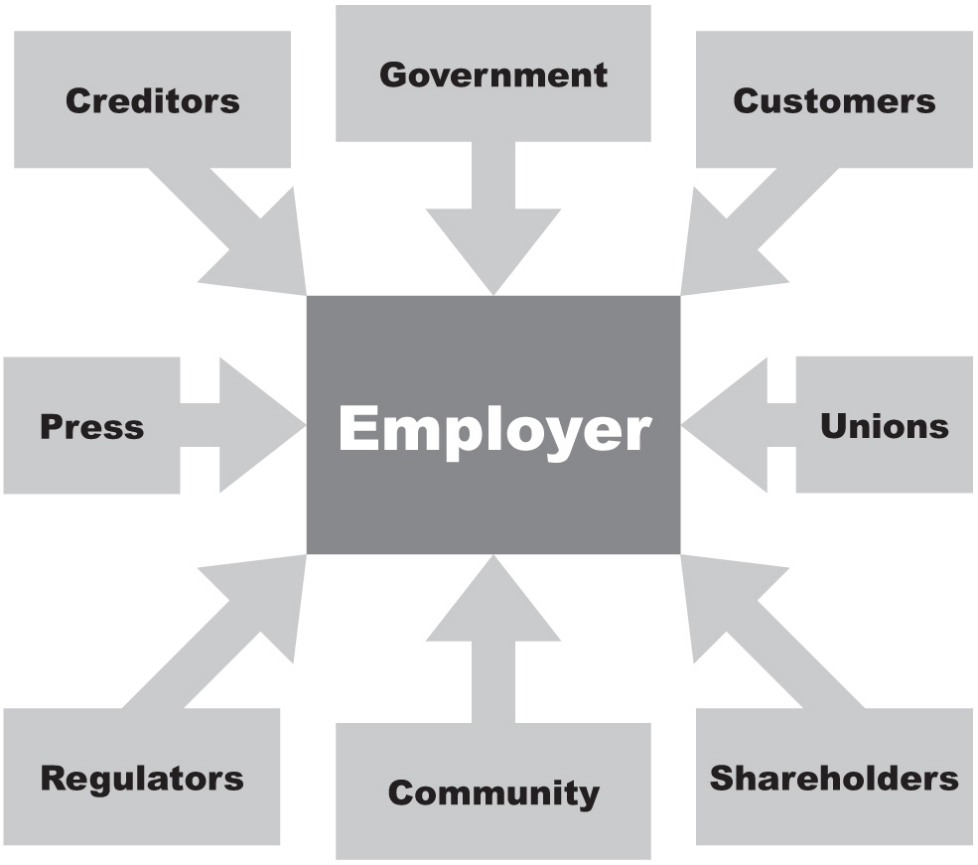



**Image 4.1** www.StrategicCorporateResearch.org

In the many campaigns that have followed over the past forty years, it's clear that there are some dimensions of the corporation—and the milieu in which it operates—that should be investigated for every campaign, rather than leaving it up to each individual campaign team to reinvent the wheel through brainstorming.

The framework our team developed starts at a very different place. Before we dig into actually conducting the research, we first identify the key dimensions of strategic campaigns. As we discussed earlier and illustrated in image 3.2, effective campaigners must determine who are the decision-makers and what are the profit centers, growth plans, and potential

secondary targets. Identifying these bedrock concepts and finding the answers to these questions will drive how we conduct research.

Additionally, based on our review of successful and unsuccessful campaigns, it is imperative that we look at the corporation not as a singular entity but instead as a collection of components. We have found it useful to conceptually divide the way power is held and flows through twenty-first-century employers into three different levels—command and control, operations, and outside stakeholders. Let's take a look at each.

*Command and Control:* When we think about a corporation's decision-making, we usually think about the CEO—but there may be other decision-makers. Here it is imperative that we don't stay stuck in a nineteenth-century conception of the firm. As we saw at Ravenwood and Staley, many firms today have complex ownership and operational structures. Decision-makers could include stockholders, a board of directors, and possibly a parent company. The company might have lenders to whom those decision-makers are beholden, such as a bank or a private equity firm. All of these individuals and entities might have some level of control over the business. Their opinions, needs, and fears will have an impact on the company's strategy.

*Operations:* But a corporation isn't just a bunch of people in charge of nothing. At its most basic level, your target firm sells a product or service that is produced by workers and sold to customers or clients. The things workers produce require supplies that must be transported to and from these facilities. This is the bread and butter of how a firm turns a profit. Workers have the greatest amount of knowledge about the operation of the firm because they are the people who directly operate the firm and its facilities. At most firms, at least some workers are in direct contact with suppliers, customers, or clients, as well as transportation or logistics workers.

*Outside Stakeholders:* There's more to a firm than its leadership and its operations. Corporations operate in a larger milieu. They are beholden to regulators like the EPA and OSHA. They might make political donations. They impact the communities where they are located. Are there activists (maybe like you) who are already campaigning against the firm's actions? These are all outside stakeholders who—while not in control of a firm—can have a dramatic impact on its finances and operations.

Now that we've expanded our concept of the firm by dividing our framework into three levels, let's take a look within each of these levels and identify specific areas to focus our research on.

# 24 Questions

## Private Sector

**Image 4.2** www.StrategicCorporateResearch.org

Image 4.2 represents our basic research framework, which not only builds on an understanding of how strategic campaigns work but also focuses on developing a more sophisticated understanding of the firm.

There is a lot going on here. So take a minute, grab a coffee or your water bottle, and let's walk through it together.

Placing the twenty-four relevant areas of questions within the different levels we just discussed—command and control, operations, and outside stakeholders—helps with researching as well as building a campaign. Image 4.2 also distinguishes between the question areas that fall inside the firm at all levels and the rest of the questions, which lie outside the firm.

Note that the twenty-four boxes in image 4.2, each representing a line of questioning, are numbered; the numbers indicate the suggested order in which to proceed. In the old, unfocused internet-search days, researchers might have tried to understand the safety and health record of the firm (question box 20) before they really understood what the company made. The order of the questions will provide a scaffold on which you will build insight into the firm and its operations.

These twenty-four areas of questions, found in the next chapter and at our website StrategicCorporateResearch.org, were created to provide a comprehensive list of research topics that help activists like you develop an understanding of how power flows through a firm. Why so many questions? And do we really need to answer them all?

Ideally, yes. If we want to build a *comprehensive strategic* campaign that can win against today's employers, it is not enough to simply research the CEO, dig up some dirt about the company's misdeeds, and offer a couple financial statistics. At the same time, we recognize that many campaigns do not have the time or the resources to conduct comprehensive research on all twenty-four question areas. Our recommendation is to consider all of them and provide information on as many as you can. While compiling information on all these questions may seem daunting, with a strong team including a number of rank-and-file workers, it is surprising how quickly it can go.

We and the activists we work with are always surprised by key insights revealed using this framework. By methodically looking at every aspect of the firm and its operations, we remove the blinders of our assumptions and start to see the full picture. For example, you might not often think about the utilities at your workplace, or the company or individual who delivers the office supplies. You may never interact with the custodial staff, and you might not know whether your firm has subsidiaries, or debt, or a major

shareholder. Any one of these may provide points of leverage that may surprise you.

To build your research document, go to the Resources page at StrategicCorporateResearch.org and make a copy of the Google Docs worksheet that matches the type of firm you are investigating. Then do what it takes to provide answers to all the prompts you find there. This document will become the shared repository of all the information you and your team gather.

In appendix 1, we further discuss assembling teams of rank-and-file workers to conduct this research. But at this initial stage, we have found it very helpful to begin the research by inviting the rank and file to work through the twenty-four question areas and add any information that they have or can find. This does two important things to build a stronger campaign and team. First, it gets the rank and file involved from the very beginning and honors their knowledge. Second, it helps to identify the areas where you have information and the areas where you will need to gather more.

One more thing: We want to encourage you to focus the bulk of your research on primary source materials, which either are published by the company itself (this can include internal documents that are official but were not intended to be public) or have been submitted by the company to government agencies. For example, why would you hunt around on the web to find a CEO's salary when you can get the actual number they submitted to the Securities and Exchange Commission (SEC) in their proxy statement?

Depending on your firm's industry, you can find and use primary documents such as SEC filings or nonprofit financial statements, OSHA records, and court documents. Information on the industry, including reports from industry associations, equity analysts, and data brokers, are also fundamental. Developing contacts in the industry may yield additional information that you otherwise may have to pay for. These primary sources are also used by trusted, reputable databases such as LexisNexis, Mergent Online, and Dun & Bradstreet to create the company's analyses. While much of this primary data is available for free, it may make sense to purchase information, depending on your company and industry.

We have made a number of walk-through videos available on the website to guide you through searching the databases and finding the information you need.

In addition to these primary documents, secondary sources can help you to better understand the information gathered from primary sources. In strategic corporate research, secondary sources include news articles that report on the information published in primary materials, company or industry reports, and the like. A word of caution—information from secondary sources may not be validated, and in some cases it may be incorrect. If you are relying on information from secondary sources, make sure that it either comes from a reputable source—one that has a professional obligation to, and reputation for, fact-finding and the truth—or can be verified by double-checking a primary source.

CHAPTER 5

# Answering the Questions

To begin gathering information, determine what kind of employer you are investigating. In the US, Canada, and the UK, for-profit firms are either publicly traded or privately held, the distinction being whether the corporation has stock available on a public stock exchange. If a firm's shares are traded on one of the exchanges, it is a public company. If not, it is privately held. Nonprofits are those employers certified by the Internal Revenue Service (IRS), Revenue Canada, or His Majesty's Revenue and Customs (HMRC) in the UK as tax exempt. We do not cover public sector employers in this volume.

Very different kinds of information are available on the three types of employers. Publicly traded firms like Apple or Walmart are required to submit a significant amount of useful information regularly to the SEC in the US, System for Electronic Document Analysis and Retrieval (SEDAR) in Canada, or Companies House in the UK. Privately held firms like Koch Industries or Publix are not required to report any information on their business operations. Nonprofits like the Susan G. Komen Foundation or Wounded Warriors are required to submit tax documents to the IRS or Revenue Canada. Finding information on different types of companies also requires asking different questions. For example, if you're investigating a publicly traded firm, you will want to know who its top stockholders are, but if you're investigating a nonprofit, you'll want to research its donors. For that reason, the questions on our website's Resources page are different for each type of employer.

We designed this book to work alongside our website, StrategicCorporateResearch.org, where we provide links to databases, online resources, video tutorials, charts, and more. The website is structured so that you first select the type of employer you are investigating and then click through the relevant twenty-four areas of questions. On each page, we provide potential information sources for each of the question sets. We have not included URLs or the names of online resources in this book, because they would be out of date even before this book went to press. But we regularly update the sources on the site and encourage you to check them out.

Once you know what type of employer you're dealing with, you can choose the appropriate section of the website to find the worksheet for your company and begin your research. In this chapter, we will look at a publicly traded firm in the US. Let's get started.

## Question Area 1: Basic Information

### *Command and Control/Operations*

*What is the company's URL and where are its headquarters? If publicly traded, what is the stock symbol and where does it trade? If a nonprofit, what type is it?*

The first question set is geared toward making sure that everyone involved is looking at the right information—you need to establish the key identifiers, including exact name, headquarters, and website. Most publicly traded firms have a section on their website specifically for investors. These pages typically include annual reports, investor presentations, and information on board proceedings. Although privately held firms typically post considerably less information, they still may release some important data.

For publicly traded firms, find the company's stock symbol and the exchange it trades on. No two companies can share a stock symbol, and many databases use them as search terms, so make sure you have the right one before you start researching.[1] Otherwise, you might end up like the unfortunate investors who bought a bunch of ZOOM stock at the beginning of the COVID quarantine thinking they were investing in the video communications company, only to find out they'd purchased stock in a

Chinese company that made cable modems.[2] Zoom Video Communications actually has the stock symbol ZM.

## Question Area 2: Products and Services

### *Operations*

*What are the company's principal products or services? What are the percentages in terms of its various activities? What is its primary industry code?*

It's important to identify the firm's revenue streams and sources of profit. These questions might seem simple on the surface, but an analysis of the target's financial segments can yield key insights that you will use to build your campaign strategy.

You will also want to learn the NAICS/SIC codes for the company. The North American Industry Classification System (NAICS) classifies employers by industry and subindustries. Used in the US, Canada, and Mexico, NAICS codes have largely replaced Standard Industry Classification (SIC) codes, first established by the US Census Bureau to classify businesses in the 1930s. You may still see some SIC codes in use. These codes help you understand the primary business activity of the company and also help identify the right industry publication, which we will discuss in question area 14.

## Question Area 3: Facilities

### *Operations*

*List all facilities, locations, and operations. What is the status of each company property—are they owned or leased? What is the value of its major facilities? Were any public monies used to build or renovate these facilities?*

This is an opportunity to identify all of the properties owned or leased by the company, how much they're worth, and what goes on at those locations. Workers at Trader Joe's discovered the company was building a new distribution center in Kentucky, revealing that its growth plans involved expanding operations in the South. If your target is a technology company associated with doing business "in the cloud," you can learn about the

company's crucial physical infrastructure, especially data centers, and find potential allies who work there.

You'll also want to find out whether any public monies are paid to the firm for locating their facilities in a particular locale. This could include funds for construction, assistance with site work, tax abatement, or lowering the cost of rent. An Apple retail store in New York's Grand Central Station was given an absurdly low rent despite the fact that the company makes over $170 billion in gross profit a year and has a market cap of over $2.7 trillion.[3] Did the company make promises about the number of jobs these subsidized facilities would create? Were those promises kept?

## Public Resources: Public and University/ College Libraries

On our website, StrategicCorporateResearch.org, we suggest utilizing a number of specialized databases to supercharge your research. Unfortunately, some databases are behind paywalls and quite expensive. But there may be another way to utilize these resources. Many public libraries subscribe to these databases and may be able to provide you access. Our tax dollars support public libraries and we, as citizens, should make use of all they have to offer.

Start by visiting your public library in person. Speak to the reference librarian about your research. Librarians are very knowledgeable about what their library has to offer and may well have ideas and strategies for conducting research not covered in this book that could prove very valuable. You might also ask them specifically about certain databases that we list on the website. Oftentimes, you will need to use these resources in the physical library, as your ability to use them off-site may be limited.

Universities and colleges—especially those with business and law programs—may provide a wider range of databases for their faculty and students. Many college and university libraries, especially public institutions, allow community members to utilize these resources in person.

## Question Area 4: Workforce

### *Operations*

*How many workers does the firm have, and what are their demographics? Where do they work? Are any company locations unionized? List all identifiable worker issues.*

You and your coworkers are an extraordinary source of information about your own jobs and colleagues. You may already know about workers in

other facilities, or you may need to look for this information elsewhere. For this series of questions, you will also gather information about workplace issues—including information that you and your coworkers provide from your own experience and resources—and information compiled about the number of workers in different departments or facilities, as well as the demographics of those workers. If any workers in your firm are unionized already, make a note of it here—this may be helpful to your campaign.

### Question Area 5: Financial Information

*Command and Control/Operations*

*Find the company's balance sheet, income statement, and statement of cash flow. List the appropriate key financial ratios and look into stock analysts' reports. List any subsidies the company has received.*

We provide a detailed discussion of financial information in chapters 6 and 7. These questions are critical for understanding what different financial indicators mean for your firm. If that sounds daunting to you, don't panic; they don't require a high level of skill in math. And we've devoted two whole chapters specifically to them, in which we take our time explaining financial concepts and providing detailed, illustrated examples.

### Question Area 6: Company History

*Command and Control*

*How did the company start? Have its structure and operations remained the same? Summarize key events in its history, including any recent mergers and acquisitions.*

Taking a historical perspective of a firm will help us conceptualize how it has changed over time and how it handles different crises. Listing any recent mergers or acquisitions will provide significant clues as to the firm's growth plan and help you answer the next set of questions about corporate strategy. Additionally, understanding the history of an organization allows us to dispel any "American dream" myths about its origins. For example, Tesla workers might be interested to find out that Elon Musk is not actually the founder of the company but that he purchased the title from the original founders, Martin Eberhard and Marc Tarpenning.[4] Uncovering this type of

information may be helpful for a campaign in which the company's curated public image is so formidable that it seems too daunting to challenge.

## Researching Publicly Traded Firms in Canada

Firms that trade on the Canadian stock exchanges are required to disclose information on a regular basis to SEDAR. For a summary of the documents Canadian publicly traded firms must disclose, see the Toronto Stock Exchange Filing Guide.

The most commonly used document is the Annual Information Form (AIF), which contains a wide variety of information on the operation of the firm, its properties, any pending or potential legal proceedings, and a wealth of financial information. (It is equivalent to Form 10-K in the US.) in advance of a company's annual meeting, the Management Information Circular (MIC) is distributed to shareholders to provide information on items coming up for a vote, background information on the directors, and board and management compensation. The Management Information Circular is equivalent to Form DEF14A (proxy statement) in the US. The Management Information Circular is available from SEDAR.

The AIF and MIC, along with additional information, are available from SEDAR and are often available on the company's website, which may also include a link to the annual report and other corporate information.

### Question Area 7: Corporate Strategy

*Command and Control*

*Where is the company heading now? Does this involve a departure from its current activities?*

The previous question set is about understanding the company's past. This one is about the company's future. Capitalism forces companies to endlessly expand their profits to survive, and corporate executives are judged for their ability to develop and implement plans for growth. How will the company continue to create increasing profits for its stockholders? Has it changed strategies in recent years? How? Why? For example, is it moving to a subscription model to extract more revenue from customers, or expanding into credit cards, as we saw at Apple?

### Question Area 8: Management

*Command and Control*

*List the top people in management, their biographies, and their compensation. What other organizations are they associated with, and what*

*else can we learn about them?*

If you want to understand the power dynamics of your target, you need to know about the people in charge. Start by listing the top managers and summarizing any recent changes. Provide biographies for each manager and find out how they are compensated. Then, start making connections. What other corporations are top managers associated with? Do they show up in news items? What social circles and political activities do they engage in? You might find that a certain manager is very active within a certain charity or their alma mater. You might discover that top executives' salaries do not reflect the economic performance of the firm—that they are being overpaid while workers have been forced to forgo raises. Finally, has the firm hired a union-busting "labor-management consultant"?

## Question Area 9: Stockholders

### *Command and Control*

*Who are the top stockholders and what percentage of shares do they own? How many shares do top management and board members hold? Are there are other stockholders who could provide points of leverage? Is there any shareholder activism?*

Stockholders (also called shareholders) are the people who own shares in the company. Becoming a public company through an initial public offering (IPO) is a common way to raise cash to grow a firm and is different from borrowing money. Loans require interest payments, and selling stock does not. But stockholders do own some portion of the firm, which gives them potential power, depending on how much they own and whether their shares have voting rights. Start by listing the top ten stockholders, along with the percentage of stock owned, and then list the stock holdings of top management and board members. Are there stockholders who have the ability to insert themselves into the public conversation, such as unions or other employers?

There are three classes of stock: Class A, B, and C. Typically, Class B stock has no voting rights, while Class A has one vote per share and Class C has ten votes per share. Class A and B stock are offered to the public, while C stock is reserved for founders, their families, and anyone else the

owners of the company deem worthy. This is important to track, as Class C holders are often the decision-makers in a firm. The *New York Times*, which was historically owned by the Ochs-Sulzberger family, retains Class C stock so that the founding family always has control over the company. But not all companies issue multiple classes of stock.

Researchers might also try to find out whether there is any type of shareholder activism taking place in the target firm. For example, Delta Air Lines stockholders actually defied one of the company's recommendations in an annual meeting and voted to mandate that the company issue an annual report detailing its lobbying activities that could impact climate change. Similarly, stockholders of Thompson Reuters forced it to adopt the UN Guiding Principles on Business and Human Rights and review the ethics of the company's practice of providing information to Immigration and Customs Enforcement (ICE).

## Researching Privately Held Firms

There are a wide variety of privately traded firms based in the US and around the world. They range from huge global firms to small mom-and-pop operations. Because they do not trade stock, they are not required to disclose information to the SEC. Without the disclosure requirement, there is much less information available on privately held firms, and they require more careful and patient research.

A DUN & Bradstreet business credit report (D&B report) has become the primary source for assessing the financial health and creditworthiness of a privately held firm. The world of business is based on credit—some firms order supplies, and other firms send them—and the basis of this exchange is credit. But companies do not extend credit to other companies without first finding information on their credit history. This is where the D&B reports come in. DUN & Bradstreet is the major firm that provides these reports to businesses in the US, Canada, and the UK. They have over 195 million records worldwide. For large firms, there may be a D&B report for the parent company as well as a number of divisions or locations. The D&B report includes a business summary, payment analysis, credit score summary, financial stress summary, business background, financial summary, judgments, liens, and Uniform Commercial Code (UCC) filings.

These reports are available online directly from D&B and generally cost between $150 and $200. Not all reports, however, include information in each of the categories, and D&B does not disclose what information is available before purchasing the reports.

Other information may be accessible for free through internet searching. More resources are available at StrategicCorporateResearch.org.

## Question Area 10: Board of Directors

*Command and Control*

*List board members, their biographies, and their compensation. What other organizations are they associated with, and what else can be learned about them?*

The board of directors acts as the governing body of a firm, and its members often hold sway, if not final authority, over your target's decisions. Board members may also be large stockholders, but this isn't always the case. For publicly traded firms, you can find out a lot of information about the board of directors of public companies from the proxy statements that they're required to submit to the SEC every year. Workers are often outraged to find out how much money the CEO makes compared to the median worker, disclosures that corporations are required to report on their proxy statements. As we write this book, Delta CEO Ed Bastian makes 176 times what the median employee of Delta makes. In 2021, Amazon CEO Andrew Jassy made 6,474 times the median employee ($212.7 million annual salary compared to $32,855). Although such salary comparisons are obscene, many people have become accustomed to this kind of inequality, so this information alone will not win a campaign. It can, however, be folded into a larger critique of the firm.

You can also gather information about board members' political contributions and identify their corporate interlocks—the other boards and board members they're associated with. Recall from chapter 1 that by strategically targeting the most vulnerable members of the board of directors, Ray Rogers was able to get J.P. Stevens to voluntarily recognize the union. While board members are usually more resistant to public pressure today, they may still be leverageable if you gather the most useful information.

You and your coworkers may have connections in the community that provide insights you won't necessarily find on the internet. For example, does a board member attend a church? Would the leader of that church be willing to speak up for workers' rights?

## Question Area 11: Lenders

*Command and Control*

*Who are the major lenders, and how much are they owed?*

Most companies have some form of debt. Unless your target company is sitting on a mountain of cash, like Apple or Microsoft, a lack of debt may mean the company isn't leveraging its assets properly in order to grow. We'll discuss this concept further in chapter 6. For now, the important thing to figure out is who owns your firm's debt, because that lender might have a lot of power over your firm. One private equity firm, Blackstone, is the largest alternative asset manager in the world, with $9 trillion (yes, trillion with a *t*) in total market value. Similar groups include Vanguard and Fidelity Management and Research. The "alternative assets" these groups manage include private equity, hedge funds, real estate, and private debt. These companies are unbelievably powerful, and it is highly likely you'll come across at least one of them in your research.

## Question Area 12: Parent Company

### *Command and Control*

*Is this company a parent or a subsidiary? If a subsidiary, what country is the parent company located in?*

This question area is simple, but make sure that you obtain solid answers here—they may have a major impact on your campaign. For example, Staley employees probably should have worked to pressure Tate and Lyle, Staley's parent company, to meet the union's demands. What does it mean for an organizing campaign at your grocery chain employer if—like Trader Joe's—the parent company is in Europe?

## Question Area 13: Subsidiaries

### *Operations*

*List subsidiaries, products, and locations.*

If your targeted firm is a parent company itself, this is the section for you to identify all of the smaller entities the company controls. Learning more about its subsidies is critical in understanding the firm. Where are they located, and what kinds of products or services do they provide? Here, it will be useful to discover whether workers at the subsidiaries are unionized

or considering unionizing. This situation can get complicated, as companies continually misclassify workers as independent contractors—especially logistics workers and other workers who have direct leverage over distribution and production.

Firms take many different approaches to subsidiaries. Some companies fold new purchases into the company, while others keep them as subsidiaries. Also note that overseas subsidiaries are often jointly owned.

## Researching Nonprofits in the US and Canada

In the US, the IRS defines nonprofits as organizations that hold 501(c) status. This status exempts them from paying certain federal income taxes. There are many types of 501(c) organizations. The most common is 501(c)(3), which includes most charitable organizations.

Official nonprofit organizations are required to disclose information on an annual basis to the IRS on Form 990. Form 990—like Form 10-K, which is used to research publicly traded firms—is the key primary document for not-for-profit researchers. The IRS's instructions for Form 990 provide an overview of the contents of the form, including its twelve parts and eighteen schedules. Form 990s must be provided by the employer, and they are available on ProPublica's Nonprofit Explorer.

Forms 1023 and 1024 are the forms tax-exempt organizations must file in order to be granted tax-exempt status. These forms are slightly more difficult to obtain than 990s, as they aren't readily available online for any and every nonprofit. However, there are two ways to access them. First, some state attorneys general (such as those in New York and California) require applicants to submit them as part of their state-level applications and then disclose them publicly online. Second, tax-exempt organizations are required to produce their 990 and exemption application upon written or in-person request. In-person requests are to be honored same day, written requests within thirty days.

In Canada, charities are registered under the Income Tax Act and are governed by the Canada Revenue Agency (CRA). One of the requirements is that registered charities must submit a T3010 return to CRA annually. The T3010 is the key primary document for researching registered charities in Canada. IT includes information on program goals and operations, directors, financial information, and some basic information on compensation. The T3010 is available publicly on the CRA website.

## Question Area 14: Industry

*Command and Control/Operations*

*What is the core industry of your company? What are the industry publications? What are the trends?*

Researching the industry your firm belongs to will provide you with the greater context in which your company is operating. Industry publications can be very helpful here. Most industries have at least one (print or online) industry publication that will summarize trends in the industry and help you compare your firm with its top competitors. It can also help you understand why your company is making certain strategic decisions. For example, if most other companies in your industry start shifting to a subscription-based model, it's likely your firm will follow suit. And remember to use the NAICS codes you have already found to dig deeper into the industry.

## Question Area 15: Competitors

*Command and Control/Operations*

*Identify the top three competitors. How much of the industry does your target firm and each of its major competitors control? Is one of them emerging as a leader?*

In the same way that it is important to understand the industry in order to gain context around strategy and historic patterns in company behavior, you should look at your firm's top competitors to increase your understanding of the present landscape. Who are the top three? To what degree are they true competitors, offering similar products and services? Your company likely spends a considerable amount of its time and resources differentiating itself from its competitors. How does it do this now, and how is it planning to do so even more in the future? You may find that workers at your firm have significant control over this differentiation—such as Delta Air Lines's plan to increase sales by creating an "elevated customer experience" provided by "the best people in the industry."[5] A reliance on workers as the face of a "premium" company gives those workers a lot of power.

## Question Area 16: Raw Materials/Suppliers

*Operations*

*Who are the major suppliers of raw materials, products, or services to the company?*

All companies rely on some kind of raw materials or supplies. Whether it's cardboard boxes for Amazon, computer chips for IBM, or hypodermic

needles for a hospital, every organization needs some materials in order to operate. Who supplies your firm with these materials? Can work continue without them? The supply chain for these materials can lead you down some rabbit holes, but then again it's possible you'll find some incredibly powerful information. For example, one Apple worker discovered that 100 percent of the cobalt required to make Apple's products came from a single mine in the Democratic Republic of the Congo that uses child labor. GM autoworkers in 1936–37 understood the power of exploiting the supply chain when they shut down the Cleveland and Flint, Michigan, plants that were the only producers of GM body parts, and later the Flint plant that was the sole source of engines for Chevrolets—and got the UAW recognized in one of labor's greatest victories.

## Researching Private Equity

There is no single regulatory filing requirement for all private equity investors, but some investors disclose their investments in private equity funds. Taft-Hartley funds and other private pension funds disclose their entire holdings on Form 5500s. Insurance companies disclose all their investments on annual statements, and public employee pension funds disclose their investments in meeting minutes or investment reports and on records subject to state sunshine laws.

Currently, Preqin and Pitchbook are two paid databases that have indexed these disparate filings to provide investor information by fund. Many union internationals have access to these databases. Researchers without access should consider searching news reports as well as reports made by specific public employee pension funds.

Identifying investors in a fund is key to engaging with the general partners on issues related to a particular portfolio company. Since private equity managers are compensated based on committed rather than called capital (they earn a percentage on the money pledged to be invested in the fund, rather than on the investor money that has been requested for use in the fund), private equity managers have a financial incentive to continuously raise new funds. Managers often go back to prior investors when pitching new commitments.

### Looking at Past Strategies

Many private equity strategies used to "unlock value" in portfolio companies are not beneficial for workers. Private equity funds often use layoffs, shift pension obligations, load up portfolio companies with debt, and employ strategic bankruptcy to make their portfolio company investments profitable. Understanding the track record of a private equity manager is useful in anticipating what changes may be forced on new acquisitions.

Preqin and Pitchbook both contain portfolio company information, broken down by fund and manager. Those without access to these paid services should try looking at

HSR early termination notices filed with the Federal Trade Commission. Additionally, many private equity acquisitions are reported on news sites. Once you have a list of portfolio companies, you can investigate past layoffs, plant closures, pension freezes, and other portfolio company specific events.

### Useful Regulatory Filings

Private equity managers with more than $100 million in assets must file Investment Advisor Public Disclosure (IAPD) filings with the SEC. These forms are available from the SEC. The lengthy Form ADV discloses prior adverse events, office locations, assets under management, funds under management, and financial industry affiliations. The brochure form (ADV Part 2A) is written in layperson-friendly terms and provides an excellent summary of firm operations.

Individual investment managers must also be registered with the Financial Industry Regulatory Authority (FINRA). It is a good idea to check the top investment managers on FINRA's BrokerCheck to see if they have prior financial industry complaints or sanctions.

Private equity firms are regulated by the SEC, one of the few agencies that will cite B(7)A exemptions in response to Freedom of Information Act requests (FOIAs) seeking investigation files on a regulated company. Researchers can use this to confirm the existence of an active SEC investigation into a private equity manager. By sending a request that seeks documents that would only have been created due to an active investigation, you can prompt a response that will indicate whether the SEC has an in-process investigation into the firm. If the response cites the B(7)A exemption in its denial, you can assume that the records you seek cannot be released due to an in-process investigation. Researchers should identify the registrant firm (with Central Index Key [CIK] number if possible) and request:

- correspondence sent to and/or received by the registrant
- correspondence sent to and/or received by third parties on behalf of the registrant
- Wells notices
- subpoenas
- orders of formal investigation as well as any supplemental orders
- opening and closing reports, including "Case Closing Recommendation," "Matter Under Inquiry Summary," "Investigation Summary," and/or similar documents and reports

(The language above comes from FOIAs sent by the operators of ProbesReporter.com.)

**Brad Murray**
Manager of Research
American Federation of Teachers (AFT)

## Question Area 17: Transportation/Distribution/ Dissemination

*Operations*

*How do supplies, products, services, or clients arrive at and leave the facilities? Are any of these forms of transportation, distribution, or*

*dissemination unionized?*

If your company uses or produces any materials, someone is transporting, distributing, or disseminating those materials.

Who does this work? Are they unionized? Workers often know a great deal about transportation and distribution. In 2023, the Hollywood Teamsters from Local 399 refused to cross the Writers Guild of America picket line, preventing deliveries to worksites that might have otherwise continued to operate in absence of the writers.[6]

## Question Area 18: Utilities

### *Operations*

*List the primary utilities that the company and the providers depend on to operate. Are any of them unionized?*

Someone has to keep the lights on at the facilities. Your firm likely can't operate without electricity, gas, water, or internet. Recently, union electrical workers in France protested President Emmanuel Macron's plans for pension reform by shutting off power at the homes of Macron's party members, his political supporters, and the wealthy, while giving discounts to the poor.[7] While your union may not be able to take things to this extreme, think about where the utilities that keep your firm or institution's facilities running come from—and find out whether you have any potential allies in the utility workers who provide them.

## Question Area 19: Customers/Clients

### *Operations*

*Who are the principal customers or clients, and what are their demographics? If there are any key or top customers, what can you learn about them?*

Who actually buys the products or services created by your company? Identify the largest customers and learn all you can about them. How long have they been customers of your firm, and have their purchasing patterns changed? What other companies do they buy from? The farmworkers who

created the UFW understood the power customers could hold over a company when they called for a grape boycott.

## Question Area 20: Safety and Health

### *Outside Stakeholders*

*List safety or health actions taken against the company, including OSHA complaints. Is there a major theme or pattern to these actions?*

Has your firm committed safety and health violations? Have OSHA complaints been lodged against your company? What are workers' main concerns? This is another category where worker input could make the vital difference between scratching the surface and really delving deep to find issues that motivate people to take action. The most detailed information for this area is often available in the OSHA 300, 300A, and 301 logs relating to work-related injuries and illnesses that employers must keep on site. Current employees, former employees, and union representatives will have access to these logs.

However, OSHA does not cover all workers. Airline workers who work "above the wing" file their health and safety complaints with the Federal Aviation Administration (FAA). The FAA does not make safety and health violations public the way that OSHA does, so researchers will have a difficult time finding any extensive documentation on safety and health violations online. Make sure that you are clear on where to find health and safety complaints for your specific workplace.

## Question Area 21: Environmental

### *Outside Stakeholders*

*List environmental problems or actions taken against the company. Do you see any patterns to these events? Are there any environmental organizations that are keeping an eye on the company?*

Here's a category where your questions will likely uncover more company misdeeds. Think of Apple buying carbon offsets to fudge their carbon-neutral claim, or Republic Services allowing their landfill outside of Las Vegas to discharge hazardous waste into Lake Mead. Take the opportunity to do some of the necessary muckraking to complete a true picture of the

firm. There's nothing wrong with digging up dirt, and it's actually pretty fun to do. Just keep power dynamics in the front of your mind. If the firm is harming the surrounding community through environmental violations, who are potential allies to join you in the struggle against its corporate greed?

## Researching the Public Sector in Canada

Strategic research is not just important when it comes to changing the dynamics in private sector union disputes. It can and should also be used in the public sector. This is especially true in Canada, because there are additional regulations on the public sector that don't exist in the US. Additionally, the broader public sector (or BPS, which includes employers like universities and social services) has an abundance of information that can be used in any type of union-oriented campaign, such as a contract fight, anti-privatization struggles, or a municipal budget fight.

There is a great deal of transparency in the Canadian public sector. The policy and legislative framework have many baked-in opportunities to use data to build a critique and take positions on a particular member issue. In addition to the data available, there are many accountability offices or organizations, such as Auditors General or Integrity Commissioners, that have statutory requirements to report on a public/BPS employer's behavior. These outlets are also available to the union to access as actors in the political arena.

This regulatory and political landscape provides staff at the union opportunities to involve members in meaningful ways. Union staff are not always experts on the conditions and experiences of members' working lives—but the members are. Whether it be direct service delivery or administration of a large public entity, there is often untapped knowledge in membership that can add tremendous value to campaigns. Public sector union members are often well received by decision-makers and the public alike in communicating campaign activities and goals. It is important for union staff to include workers in the process of filing a formal submission to government, an oversight authority complaint, a budget deputation, or when meeting with politicians.

The target is not always a company or direct government official. Sometimes it's necessary to influence community boards of directors, hired consultants, or professional divisional senior staff. While it is an important consideration to give workers cover to access their rights and organize, there is often more space in the public/BPS for members to act without reprisal in their workplace.

Tools in the public/BPS can impact a campaign target's positions and behavior. From start to finish, members should be involved in every aspect of campaigning: selecting the appropriate authority to complain to, informing whatever report or brief is required, communicating to the public or politicians about the project, and acting as official agents in the process. When a campaign target is forced to respond to an official authority of any sort, it immediately uses its resources to fight the union. Moreover, if the union is successful in its activity, there are usually remedies that the target will be forced to address. Leveraging public sector accountability principles can help workers get what they need.

**Simon Collins**
Researcher
Canadian Union of Public Employees

## Question Area 22: Other Regulatory/Legal

*Outside Stakeholders*

*Do any regulatory agencies govern the activities of this company? Have they cited the company for any incidents or violations? What legal actions have been taken against the company, including NLRB charges or findings?*

What other legal issues might your company face, and who has regulatory authority over its activities? Are there patterns to these legal issues? For example, Uber had a long track record of sexual harassment and retaliation claims being filed against the company before a federal investigation by the Equal Employment Opportunity Commission (EEOC) forced the company to pay $4.4 million to settle the charges.[8]

In anticipation that you will likely find some kind of legal action against your firm or institution over the course of its history, we have two seemingly contradictory cautions here.

First, lawsuits don't necessarily mean that the company has engaged in any kind of significant wrongdoing. For larger companies, there will inevitably be some (if not hundreds of) lawsuits. At any given time, Alphabet might have a few hundred pending lawsuits against it relating to violations of privacy, or patent claims, or employment law violations. While any of these cases could be valid, it can be difficult to make conclusions about them without all the facts. Look for patterns in the complaints brought against the company, and pay special attention to cases that have been ruled against it.

Second, be conscientious of your sources, and always question the ones that deflect blame from the company. The infamous McDonald's hot coffee lawsuit—initiated by a seventy-nine-year-old woman who suffered from third-degree burns caused by coffee served thirty degrees hotter than the average restaurant—was initially spun by the company as frivolous litigation, and news outlets perpetuated the myth with coverage sympathetic to McDonald's for years. This narrative, however, has since been debunked

by reputable sources.[9] Anytime a lawsuit seems silly, frivolous, or "crazy," take a closer look. Like union busting, there is an entire industry built around discrediting plaintiffs on behalf of corporate defendants.

## Question Area 23: Community

### *Outside Stakeholders*

*Describe the company's community relations. Are there issues or unresolved disputes, or any community groups keeping an eye on the company? What are the major unions and central labor bodies in the communities where the company and parent company are located?*

Everywhere a corporation maintains a facility, there is a community impacted by that facility. Companies often set up some form of community relations as a way to buy local support, especially when their facilities are polluting, hoarding tax dollars, or failing to deliver on promised jobs. There may be local groups already organizing around issues with the company (you might even be part of one!) that are potential allies for your campaign. Local unions and central labor bodies are another important source of strength.

Community can be found online too. In 2021, when employees of Activision Blizzard—the online and console gaming giant behind *Call of Duty*, *World of Warcraft*, and *Candy Crush*, recently acquired by Microsoft for $68.7 billion—staged a walkout in Irvine, California, in protest of the company's rampant sexual harassment and discriminatory practices toward women and minority employees, tens of thousands of online gamers joined them in a virtual walkout, using the hashtag #ActiBlizzWalkout and logging off *World of Warcraft* in unison.

## Question Area 24: Political

### *Outside Stakeholders*

*How is the company connected politically? List the names of any top management or board members who hold political positions, then include their political contributions.*

Where there is a local community, there is also a local government, a state, and a nation. Most large corporations have built ties to the government by

adding former government employees to their boards of directors, or through former employees or board members getting a job within the government. These connections are referred to as the “revolving door” between the public and the private sectors, providing access and interlocks between government officials and company higher-ups. As we write this book, Lockheed Martin employs sixty-nine people who have recently worked for the federal government.[10] Additionally, most companies make political contributions. Remember to check for both company donations and individual donations made by executives.

So, before you head to chapter 6 to learn how to make sense of your firm’s financial situation, we want to reinforce why our twenty-four question areas are essential to conducting research for your campaign. Some of these questions, or even entire areas of them, might seem like they don’t apply to your target. Don’t skip them! Similarly, it might be tempting to want to look only at whichever one of these twenty-four areas seems to be the most relevant to your firm and put off the rest. You never know whether you’ll find something useful and relevant to your campaign in an unexpected place.

Assuming you have heeded our warning about not skipping questions, you may still encounter questions for which you really can’t find any information at all. That’s normal—not every employer will have relevant information in every single one of these categories. If there’s nothing at all about a specific category, does the lack of information mean anything?

We think it bears repeating: the point of doing this research isn’t to find the employer’s single greatest weakness, and it also isn’t to find a weakness in every single category. We want you to figure out how power is structured in the firm, and what power you have to leverage against the employer so that you can build an escalating campaign that won’t allow its executives to take a day off. Every single night, you want the CEO lying awake, questioning what the union, or those crazy activists, will do next. You don’t get there by building a one-note campaign or by jumping on the first weakness you find. You need to build your research document question by question to get the full picture of your target. Expect to be surprised by what you and your coworkers find and what you build into your campaign.

This work, like all good union and activist work, is about power. Every day there are people sitting in rooms making decisions that impact our lives. We don't just want to know what decisions they're making. We *need* to know who is in the room, how they got there, how they make decisions, and why they decide to do what they do.

You must understand the corporation as it understands itself. This isn't some woo-woo, "be the enemy to defeat the enemy" nonsense. It's practical advice. After all, how are you going to demand more control over a corporation if you don't know what control means? Now, getting started, you probably don't yet know all the ways that power is exercised by your target firm. But by the end of this book, you'll have a clear pathway to seize it.

CHAPTER 6

# Making Sense of Your Company's Finances

As you conduct the research for your campaign, you'll no doubt run across a wide variety of information concerning your company's finances—from financial statements to stock analysts' reports to stories on the business pages. We know from our own experience that this information can seem overwhelming and, at times, almost impossible to make sense of. Frankly, we've heard of seasoned corporate researchers who do everything they can to avoid financial analysis.

Why are corporate finances so intimidating for many of us in the labor movement? For starters, the movement itself is generally *not* the place where we can find expertise or training on corporate finance. Sure, many unions have staff who are experts at using spreadsheets to model the financial impact of contract proposals, and larger unions may even have accountants. But that's not the same as having literacy in corporate finance.

Without that literacy, there's the danger of misinterpreting a company's finances, which can lead campaign researchers to make incomplete or incorrect statements. For example, too often union activists suppose that a company can afford to raise wages because its revenue has gone up or its stock price has increased. In this chapter and the one that follows, we explain why these figures may not be the best indicators of a company's financial condition and then tell you how to identify financial indicators that are more likely to hold water in negotiations.

We hear all the time that corporate finance is too complex, that it requires some sort of degree to comprehend. The way that companies and the accounting community present their finances doesn't help to demystify corporate finance. But it doesn't have to be this way. Just as you learned how to do the research necessary to answer the questions in the twenty-four areas outlined in chapter 5, in this chapter you are going to learn about basic financial analysis.

Now let's be clear: this chapter won't make you an accountant, but it will provide the basic skills you need to develop the financial portrait of your firm as you begin an organizing or bargaining campaign. It will help you understand revenue and profit, assets and liabilities, and indebtedness. You will be able to identify the company's profit center and growth plan and determine how these stack up with those of its competitors.

For those of you who think that numbers are not your "thing," we hope you will stay with us. Just like we ask our colleagues to bravely step up in an organizing drive for one-on-one conversations with their coworkers, even when they fear retaliation (or have anxiety about trying something new), we ask you to work at understanding these basic financials to increase the power of your union and the labor movement. If all of us understood just a bit more about corporate finance, we would have the power to pull back the curtain when our corporate bosses tell us to pay no attention to who is behind it.

There may be cases in which you encounter significant complexities and want to consult with a union-side analyst, but you still need a basic understanding of the financial picture of the firm—you can't drag an accountant around with you on organizing drives or to every union meeting.

Remember, there's no need to hide the answers to these questions as if you were taking a math exam. Go through this chapter with your fellow researchers and make use of the many resources on our website.

In the same way that we caution against starting any research with unstructured web searching, we also caution against starting financial analysis by plunging into reams of financial documents. Concentrate instead on using a framework to facilitate your research, such as the one we have established for you here. Although there are many financial documents and ways to approach corporate finance, we have found that the best way to start is by reviewing the company's three basic financial statements—the

*income statement*, the *balance sheet*, and the *statement of cash flow*. In the accounting world, this is referred to as *financial statement analysis*.[1] It provides an excellent way to get started and build some confidence.

Each of the financial statements has its own concepts and vocabulary, so let's focus on those aspects before jumping into the numbers. It will help you avoid the onerous task of scrutinizing each and every line of a financial statement from the get-go and allow you to instead construct an overall portrait of the firm; at this point it's best to think of the forest, not the trees. Once you are confident with the basics and have painted the big picture, you can choose to dig more deeply through the many resources available to expand your understanding.

A student who learned about our approach in a class taught by Tom Juravich tells the story of how she put it to the test as a lead negotiator in bargaining when the CEO at her firm pronounced that there would be no wage increases because revenue was down. Looking at the numbers, she agreed; revenue *was* down. But, having used our approach to do a basic analysis on the firm, she was ready to respond: "Your net income is up, your debt to equity is the lowest in the industry, and your return on assets is the highest—give us the money." She reports that it fundamentally changed bargaining and led to a strong contract. That's what this chapter and the one that follows will teach you how to do.

## The Income Statement

The *income statement* details the company's income and how it spends its money. Sometimes called the profit and loss statement (P&L), it is a moving picture of the operation of a firm over a period of time (a quarter or a year). It examines the direct expenses used to produce a good or service, the overhead, and the taxes. It begins at the top of the page with the *revenue* that comes into the firm. Revenue is the total amount of money that the company brought in during a period of time. Moving down the page, a number of *expenditures* (or expenses) are subtracted. *Net income*, or what we might generically call profit, is the bottom line of the income statement. This is why the "bottom line" has become a shorthand for company profit. The income statement provides this basic equation: *revenue – expenses = net income.*

If the income statement contained only these three numbers, it would be a very short document. Instead, it breaks down the expenses in greater detail. Expenses fall into four categories: cost of goods sold (COGS); sales, general, and administrative costs (SG&A); depreciation; and income tax.

To create such a document, start by subtracting the costs of goods sold from the revenue. COGS is anything that is directly involved in the production of goods or services, such as the cost of labor and materials. When you subtract COGS from revenue, you get the *gross profit*. This number does not include all the firm's costs—remember the other three categories of expenses—which is why it is called "gross." Gross profit is useful for seeing how much the company spends directly on production and what is left over. The equation: *revenue – COGS = gross profit.*

Your next calculations determine the *operating income*, or the profit available after operating expenses are deducted. Start with the gross profit and then further deduct sales, general, and administrative costs as well as depreciation. SG&A covers all the expenses that are not directly involved in production but that are necessary for firms to operate—including management, administrative, and sales costs. You can see why it is important to account for this in a separate category than COGS. It allows you to understand how much money is spent directly on the creation of a product or service and how much is spent on sales and overhead. Depreciation is the cost that results from the wear and tear on equipment, or from any other natural loss of value in capital assets over time. The equation: *gross profit – SG&A – depreciation = operating income*.

To complete the income statement, subtract income tax, interest expenses, and any special one-time charges from operating income to calculate *net income*, the bottom line of the income statement. Net income is the most commonly used measure of corporate profits. But it's important to note that in some circumstances, financial analysts prefer to use operating income, because it does not include the cost of taxes or interest, which may be variable depending on corporate decisions. The equation: *operating income – income tax and interest = net income*.

# Financial Statement Quick Reference

## INCOME STATEMENT

Details the company's income and how it spends this money. Sometimes called the profit and loss statement.

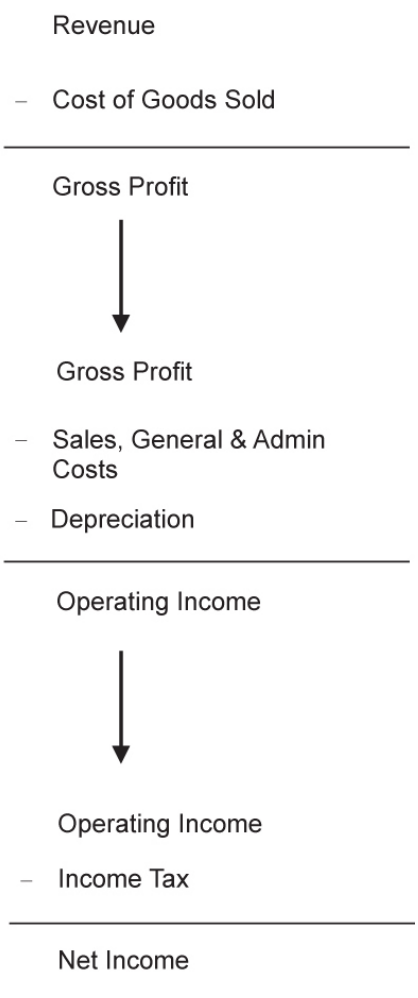
Revenue – Expenses = Net Income

**Revenue**
The total amount of money the company brought in during a period of time.

**Expenses**
The total costs the company spent in the effort to generate profit.

- **Cost of Goods Sold (COGS)**
  Costs that are directly involved in the production of goods or services. For example, the cost of labor and materials.
- **Sales, General & Admin Costs (SG&A)**
  Costs that are not directly involved in production but are necessary for firms to operate, including management, administrative, and sales costs.
- **Depreciation**
  Cost that results from the wear and tear on equipment.
- **Income Tax**
  Taxes paid on business income.

**Net Income**
Also called profit. The money a company makes after expenses.



To briefly summarize: Revenue is all of the money that comes into a company in a given period of time. To know how much profit (net income) the company has made, we have to subtract all of the company's expenditures, of which there are four types.

Now that we have reviewed the basics, a simple example might be helpful. Let's say that a musician has built a recording studio and purchased some recording equipment to make an album. Image 6.2 provides an income statement for this hypothetical business. The revenue would be from physical media sales and downloads. COGS would be the costs of studio musicians, the recording studio, and the manufacture of CDs and vinyl. We would arrive at the gross profit by subtracting these costs from physical media sales and downloads.

# Income Statement

## MUSIC BUSINESS EXAMPLE

| | | |
|---|---|---|
| | **Revenue** | • Physical media sales and downloads |
| – | **COGS** | • Cost of studio musicians<br>• Costs for using the recording studio<br>• Cost for manufacture of physical media |
| | **Gross Profit** | |
| – | **SG&A** | • Cost of a part-time administrative staff person<br>• Ads in music publications<br>• Promotional giveaways |
| – | **Depreciation** | • Studio equipment wearing out |
| | **Operating Income** | |
| – | **Income Tax** | |
| | **Net Income** | |

**Image 6.2** www.StrategicCorporateResearch.org

The SG&A for this operation would include the cost of a part-time administrative staff person, ads in music publications, and promotional CD giveaways. Studio equipment would depreciate based on industry standards (for example, a cable might wear out over time and stop transmitting a clean sound, or recording software could become outdated). Subtracting the sales and promotion expenses and depreciation from the gross profit would give us the operating income. And finally, subtracting income tax, interest, and one-time changes would yield net income.

Now it’s time to look at a real example of an income statement. We have chosen to look at the finances of Activision Blizzard (ATVI), the largest video game publisher in the US. The company was recently acquired by Microsoft, but we will be looking at the last three years of ATVI before it was purchased. Table 6.1 provides a simplified income statement for ATVI.

A couple of notes before we proceed: The numbers on all the financial statements are in thousands, which means that you need to add three zeros after each number reported to get the actual amount. Negative numbers are written inside parentheses. For example, ($70,000) is the same as –$70,000. While most tables using numbers and dates would place the latest data on the right, financial statements do the opposite, with the most recent on the left. Finally, firms’ actual income statements are considerably more complex, breaking down many of the categories into subcategories. This is why many of us get overwhelmed when we begin to look at financial statements.

We strongly recommend that you start with the simplest income statement. And even then, don’t try to understand each line. We’ll tell you how to read those details when you need them. Instead, use a highlighter to identify the major concepts we have reviewed here.

Now, back to ATVI. From the top line of the firm’s income statement, you can see that revenue rose from $8.09 billion in 2020 to $8.80 billion in 2021. But 2022 saw a decline in revenue to $7.53 billion. As you would expect, COGS followed revenue as it rose and fell. With more revenue, there would have been a need to increase production, and then COGS would rise; with less revenue, COGS would drop. The gross profit followed similarly, bumping up in 2021 but then falling to $5.31 billion in 2022.

## Income Statement

### Activision Blizzard (in thousands)

| Year | 2022 | 2021 | 2020 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| **Revenue** | 7,528,000 | 8,803,000 | 8,086,000 |
| **Cost of Goods Sold (COGS)** | 2,222,000 | 2,317,000 | 2,260,000 |
| **Gross Profit** | 5,306,000 | 6,486,000 | 5,826,000 |
| **Sales, General & Admin (SG&A)** | 2,218,000 | 1,813,000 | 1,848,000 |
| **Operating Income** | 1,670,000 | 3,259,000 | 2,734,000 |
| **Income Tax** | 231,000 | 465,000 | 419,000 |
| **Net Income** | 1,513,000 | 2,699,000 | 2,197,000 |

**Table 6.1** www.StrategicCorporateResearch.org

SG&A did not follow this same trend, as it rose considerably from $1.85 billion in 2021 to $2.22 billion in 2022. Although ATVI's revenue and demand for its products decreased, its sales and administrative costs grew substantially. This had a major impact on operating income, which dropped from $3.26 billion in 2021 to only $1.67 billion in 2022.

Subtracting tax obligations, net income rose from $2.20 billion in 2020 to $2.70 billion in 2021. But there was a significant drop in net income to $1.51 billion in 2022. Looking more carefully at the income statement, in this case operating income may be a better measure than net income. As you can see from table 6.1, Activision Blizzard only paid approximately one-half of the taxes in 2022 compared to the year before. Companies can

legally make decisions to push taxes forward or hold them back. Paying considerably less tax in 2022 masks a more precipitous decline in operating income.

## The Balance Sheet

The income statement provides information on income and costs, but it is only one part of a firm's economic performance; it tells nothing about property owned, indebtedness, or stockholders. To find this information, you need the *balance sheet*, which provides a snapshot of a firm's capital structure. The balance sheet is different in form than the income statement, however. Instead of seeing a long column of figures as you move down the page—in other words, the equations we described in the paragraphs above—the balance sheet shows two independent sections that account separately for assets and liabilities (see image 6.3). Yet they are interconnected. The basic formula for the balance sheet is: *assets = liabilities + shareholder equity*.

On the assets side, which concerns items that are owned by a firm, we make a distinction between *current assets* and *non-current (fixed) assets*. Current assets include cash and other items that could easily be converted to cash within one year, like accounts receivable and inventory. Non-current assets are items like property, plants or factories, and equipment not easily converted to cash.

# Financial Statement Quick Reference

## BALANCE SHEET

Details property owned, indebtedness, and stockholders.
A snapshot of a firm's capital structure.

Assets = Liabilities + Shareholder Equity

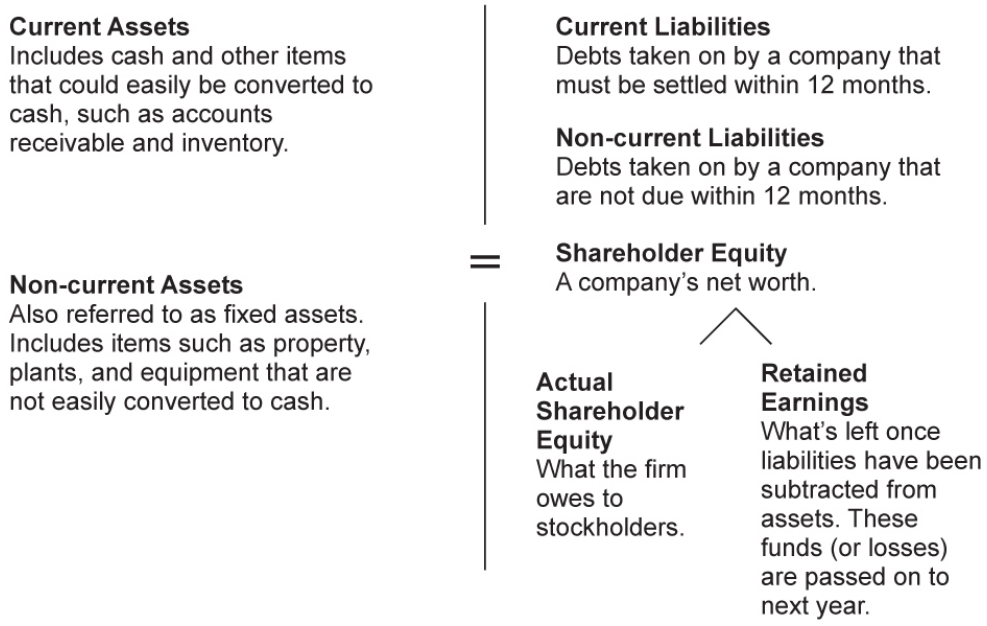



**Image 6.3** www.StrategicCorporateResearch.org

One non-current asset known as *goodwill* deserves a brief explanation here, although you won't see the term spelled out until we discuss the balance sheet for Activision Blizzard (table 6.2). As an *intangible asset*, goodwill is connected to things like the value of a firm's intellectual property, its customer list, and its brand reputation, assets that are not easily quantifiable and are thus estimated based on industry standards; it can often be used to give a company a competitive edge. When one firm acquires another, for instance, the money paid on top of the fair market value of its

net tangible assets—in other words, the assets minus the liabilities acquired in the transaction—is considered goodwill.

On the liability side, which concerns the financial obligations of a firm such as loans or other indebtedness, the distinction must be made between current and non-current. *Current liabilities* are those that must be settled within the fiscal year. For example, in the retail industry, firms borrow money to pay for the inventory they need for the holiday season. Once this inventory is sold, this short-term loan, a current liability, is repaid. This is much different from the long-term debt, or *non-current liability*, that a company would take on to expand or buy a competitor.

Also on the liability side is *shareholder equity*. This concept is more complex than it might seem, because it includes the shareholder contributions to the company through stock purchases as well as *retained earnings*, which represent the accumulated profits of the company. Let's sort this out.

As companies grow and their need for capital increases, they can borrow money. But when borrowing money, the firm is responsible for paying interest. An alternative way to raise funds is to take the company public and issue stock. The sale of shares at an IPO and in later stock offerings brings capital into a firm. Two things are important about stocks. First, the company is on the hook for the money it receives from stockholders. Second, the company does not have to pay interest on funds raised through stock sales or repay them under normal circumstances, which is why many firms go public. Because these funds would have to be returned to stockholders if the company were liquidated, they are included on the liability side.

# Balance Sheet Statement

## MUSIC BUSINESS EXAMPLE

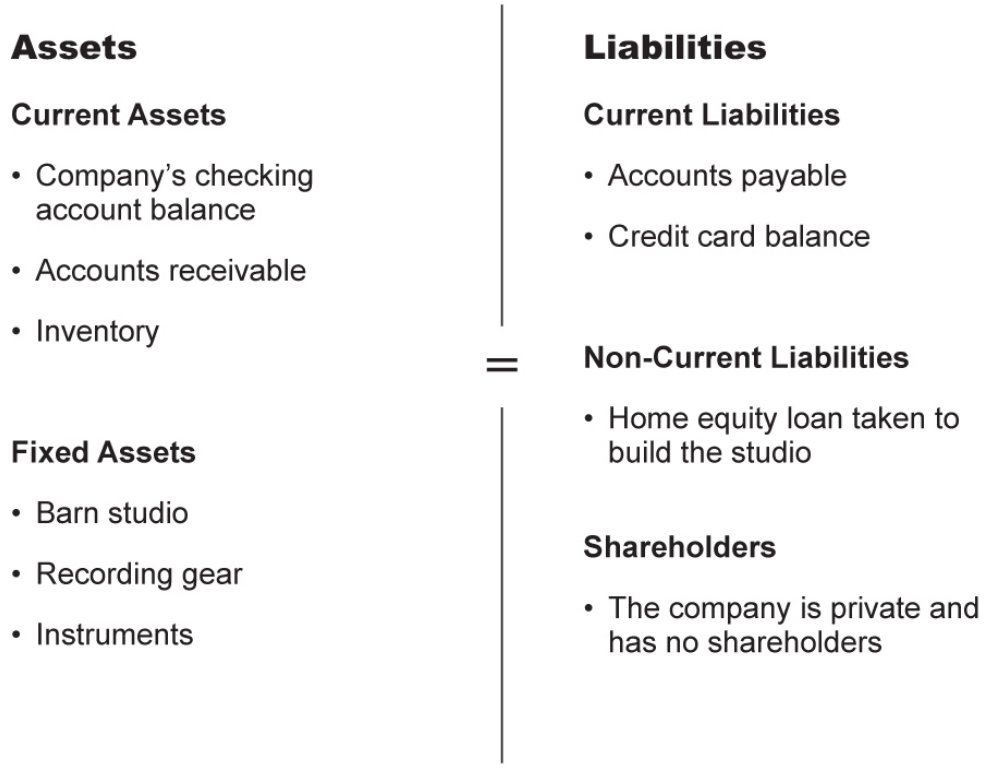



**Image 6.4** www.StrategicCorporateResearch.org

Also included under shareholder equity are the company's *retained earnings.* These funds are what's left of the net income after dividends have been distributed to stockholders, and these profits (or losses) are passed on to the next year. This is what makes a balance sheet balance. By definition, a firm's balance sheet will be balanced, even if the company is bleeding money (negative retained earnings).

Let's return for a moment to our hypothetical music business. On its simple balance sheet (image 6.4), you can see that current assets include the company's checking account balance, accounts receivable, and inventory. Fixed assets include the barn studio, the recording gear, and instruments.

On the liability side, current liabilities include the accounts payable and the credit card balance. Non-current liabilities include the home equity loan taken to build the studio. The company is private and has no shareholders.

Now, for the real company whose finances we are tracking, let's go to table 6.2, a summary of the balance sheet for Activision Blizzard, or ATVI. It shows that current assets grew substantially, from $10.57 billion in 2020 to $12.56 billion in 2021 to $14.47 billion in 2022. Moving on to fixed or non-current assets, it is very clear that ATVI has limited fixed assets. As a video game producer, the company has no need for specialized equipment, and it appears that it rents its building space.

Goodwill rose moderately over the three years we examined. But the dollar amount of the goodwill shown on the balance sheet is significant; it is almost as large as the current assets and almost one-half of the total assets. This reflects how ATVI operates, which is very different from a manufacturing firm, where goodwill is typically a smaller part of assets. Total assets have moved steadily up from $23.11 billion in 2020 to $25.06 billion in 2021 to $27.38 billion in 2022.

On the liability side, current liabilities rose a modest amount from 2020 to 2022. Long-term debt stayed virtually the same across these three years. Non-current liabilities rose from $4.97 billion to $5.05 billion in 2021, then dropped to $4.59 billion in 2022. Total liabilities dropped slightly in 2021 but have remained around $8 billion.

To finish up this evaluation of the balance sheet, let's turn to shareholder equity. Remember that assets = liability + shareholder equity. This can also be stated as shareholder equity = assets – liability. So for 2022, total assets of $27.4 billion equals the total liability of $8.1 billion + $19.2 billion in shareholder equity. The balance sheet balances as it should (accounting for a rounding error). Shareholder equity is what's left over when you subtract the company's liabilities from its assets.

# Balance Sheet Statement

## Activision Blizzard (in thousands)

| Year | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Cash & Cash Equivalents** | 11,992,000 | 10,423,000 | 8,647,000 |
| **Total Current Assets** | 14,468,000 | 12,556,000 | 10,565,000 |
| **Property, Plants & Equipment** | 193,000 | 169,000 | 209,000 |
| **Goodwill & Intangibles** | 11,652,000 | 10,906,000 | 10,728,000 |
| **Total Long-Term Assets** | 12,914,000 | 12,500,000 | 12,544,000 |
| **Total Assets** | 27,383,000 | 25,056,000 | 23,109,000 |
| **Total Current Liabilities** | 3,555,000 | 2,411,000 | 3,100,000 |
| **Long-Term Debt** | 3,611,000 | 3,608,000 | 3,605,000 |
| **Total Long-Term** | 4,585,000 | 5,046,000 | 4,972,000 |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| **Total Liabilities** | 8,140,000 | 7,457,000 | 8,072,000 |
| **Common Stock** | 6,697,000 | 6,152,000 | 5,968,000 |
| **Retained Earnings** | 13,171,000 | 12,025,000 | 9,691,000 |
| **Shareholder Equity** | 19,243,000 | 17,599,000 | 15,037,000 |

**Table 6.2** www.StrategicCorporateResearch.org

Shareholder equity in terms of the common stock rose slightly from $6.0 billion in 2020 to $6.7 billion in 2022. The big change to note is the dramatic increase in retained earnings across the three years, rising from $9.7 billion to $13.2 billion. These are the funds that are in place as the new year begins. From the balance sheet, it is clear that Activision Blizzard is quite strong financially. It has solid current assets, little long-term debt, and a substantial increase in its retained earnings. To complete our financial analysis, let's turn to the third financial statement, the statement of cash flows.

## Statement of Cash Flows

While the income statement lists net income, it's important to remember that net income is not the same as cash. Cash is the amount of actual money the company has at its disposal. The statement of cash flows looks in a more focused way at how a firm uses cash to keep the company operating on a daily basis. This table shows how cash moves in three categories: the *operating cash flow*, the *investing cash flow*, and the *financing cash flow*.

The operating cash flow is a measure of what comes into the firm, from sales and other income flows, and what goes out as expenses, such as

salaries and interest payments. The operating cash flow is positive when a company brings in more money than it spends.

The investing cash flow examines how cash is used in terms of long-term investments. This investing cash flow is negative when firms are spending money to invest. The hope is that at some point these investments will turn positive and provide additional income.

The financing cash flow examines how the firm is involved in borrowing and lending. For example, when a firm pays dividends or institutes stock buybacks, the financing cash flow is likely to be negative, but firms can raise the financing cash flow by selling bonds.

In addition to these three components of cash flow (operating, investing, and financing), a measure used often to evaluate the financial health of a firm is *free cash flow*, which indicates how much cash in a firm has not been allocated. It is determined by subtracting *capital expenditures* (capex)—found in the investing cash flow statement—from the operating cash flow.

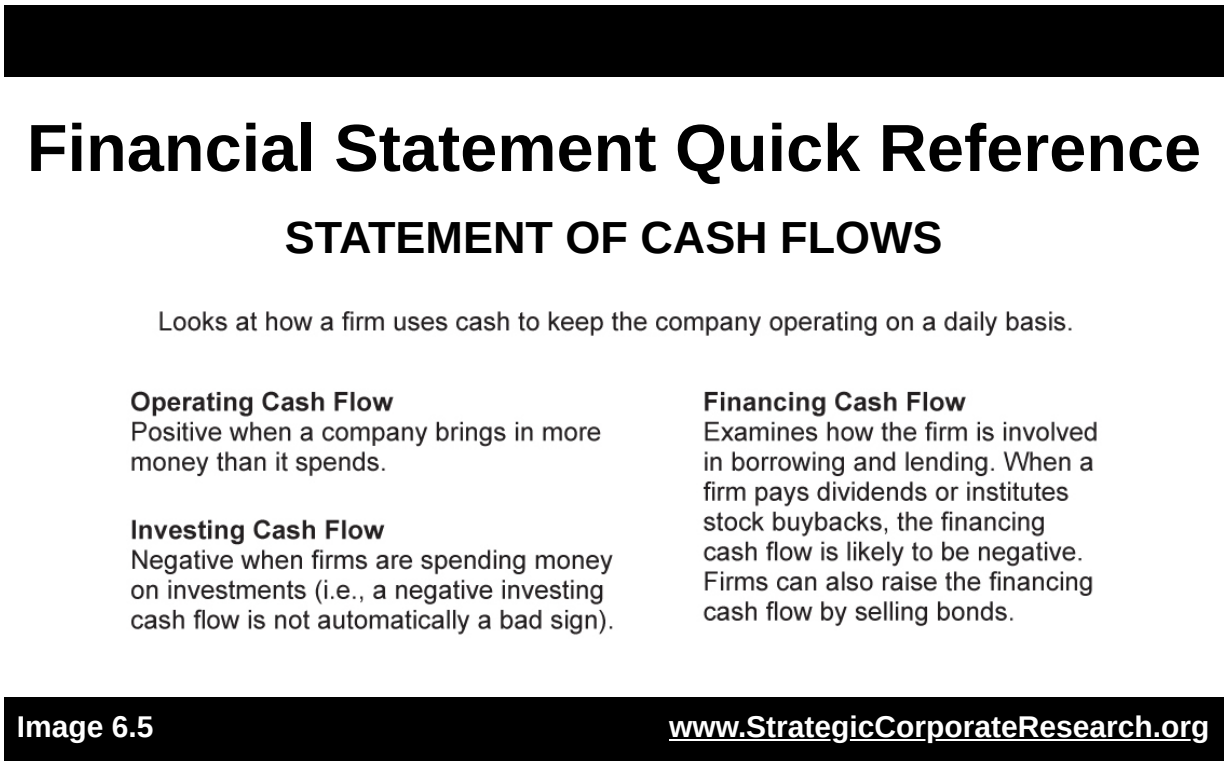



**Image 6.5** www.StrategicCorporateResearch.org

As you can see from table 6.3, the operating cash flow at Activision is both strong and stable, around $2.2 billion for the three years we examined.

At the same time, ATVI's investing cash flow moved from negative $178 million in 2020 to negative $4.99 billion, indicating significant investment in 2022. The financing cash flow also dropped from $711 million to negative $534 million. The negative $534 million is the result of the purchase of an investment; table 6.3 does not provide that level of information. (You can find this information on a more detailed statement of cash flows.) We do note, however, that this is a relatively small drop, given the rest of the cash flow.

The free cash flow remained at approximately $2.1 billion from 2020 to 2022. This substantial amount of free cash allows the firm to operate smoothly in all three areas of cash flow.

# Cash Flow Statement

## Activision Blizzard (in thousands)

| Year | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net Income** | 1,513,000 | 2,699,000 | 2,197,000 |
| **Operating Cash Flow** | 2,220,000 | 2,414,000 | 2,252,000 |
| **Investing Cash Flow** | – 4,994,000 | – 59,000 | – 178,000 |
| **Financing Cash Flow** | – 534,000 | – 521,000 | 711,000 |
| **Net Cash Flow** | – 3,352,000 | 1,786,000 | 2,854,000 |
| **Free Cash Flow** | 2,129,000 | 2,334,000 | 2,174,000 |

**Table 6.3** www.StrategicCorporateResearch.org

Although it is imperative to begin your financial analysis by examining the income statement, the balance sheet, and the statement of cash flow, there are limits to simply eyeballing these documents in isolation. Prepare to ask questions. Is a 12 percent increase in revenue common in your industry, or is it out of the ordinary? How much debt is too much in this industry? To understand more fully what these numbers mean, we turn to financial ratios.

# Financial Summary

| | | | |
|---|---|---|---|
| **Year** | | | |
| **Revenue** | | | |
| **Net Income** | | | |
| **Assets** | | | |
| **Liabilities** | | | |
| **Retained Earnings** | | | |
| **Shareholder Equity** | | | |
| **Free Cash Flow** | | | |

**Table 6.4** www.StrategicCorporateResearch.org

CHAPTER 7

# Ratios, Segments, and Stock

Financial ratios combine two or more pieces of data from the same firm. In this way, they normalize the data and allow us to observe the firm's performance over time and compare with other companies in the industry. Ratios give us the context we need to understand what the numbers mean—is a $534 million loss in one line of the balance sheet a big deal or not?—and provide a fine-tuned financial analysis that we can't get from simply looking at the financial statements.

There are a great number of financial ratios, many of which are industry specific. Generally, financial ratios can be classified in four groups: liquidity, profitability, debt management, and asset management. Let's take a look at them and discover how to use one ratio in each of these categories.

*Liquidity ratios* are assessments of how much cash (liquidity) a firm has. The most common liquidity ratio is the *current ratio* (current assets divided by current liabilities). If the current ratio is greater than 1, it means that the company has more current assets than liabilities. If the number falls below 1, the firm has more liabilities than assets. If the current ratio falls too low, it may indicate that the firm risks being unable to meet its obligations. Because bankers like to know they will be repaid for their loans, interest rates are often tied to maintaining a minimum current ratio. At the same time, a current ratio that is significantly higher than those of competitors may indicate the company is too conservative with its financial approach.

*Profitability ratios* measure how well the company is generating income. A common measure is the *return on assets* (ROA), which is calculated by dividing net income by assets. In essence, this ratio measures how well a company uses its assets to generate income. A low ROA compared to the industry standard indicates that the firm is not utilizing its assets to create profit, while a high ROA indicates the company is using them more effectively. In this framework, we focus on ROA, but there are other methods of measuring and comparing profitability, such as *operating margin* (operating profit ÷ revenue) and *net margin* (net income ÷ revenue).

The most common measure of *debt management* is the *debt-to-equity ratio*. It is calculated simply by dividing the firm's debt by its equity. Clearly, if the debt-to-equity ratio is too large, it indicates that the firm may be too highly leveraged (too much debt), which could hinder future performance, possibly by losing access to financial capital when it is needed for growth. At the same time, if this ratio is significantly lower than the industry benchmark, it may indicate that the firm is too conservative and limiting its ability to grow.

In terms of *asset management*, a commonly used ratio is *interest coverage*. It is calculated by dividing operating income by the firm's interest expense. Simply put, this ratio measures how much of the company's earnings are necessary to cover interest payments on the money it has borrowed. The larger this number, the easier it is to service the company's debt. But, similar to the debt-to-equity ratio, too high an interest coverage may indicate that a company is being too conservative with its borrowing.

## Financial Ratios Quick Reference

| Liquidity | Profitability | Debt Management | Asset Management |
|---|---|---|---|
| Current Ratio | Return on Assets | Debt-to-Equity | Interest Coverage |
| $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | $\frac{\text{Net Income}}{\text{Assets}}$ | $\frac{\text{Debt}}{\text{Equity}}$ | $\frac{\text{Operating Income (Income Before Taxes)}}{\text{Interest Expense}}$ |
| Measures ability to cover short-term (12-month) obligations. | Measures how well a company uses its assets to generate income. Expressed as a percentage. | Measures how much debt a company has compared to investments by shareholders. | Measures how much of a company's earnings have to be used to pay interest on money borrowed. |
| Number greater than 1 = more current assets than liabilities.<br><br>Number lower than 1 = more liabilities than assets.<br><br>Ratio too high may indicate the company is too conservative. | Higher number is better. | Ratio too large = too much debt.<br><br>Ratio too small = firm is limiting its ability to grow. | A larger ratio = the easier it is to service their debt.<br><br>Ratio too high may indicate that a company is being too conservative.<br><br>Ratio too low means the firm may not be able to service their debt. |

**Image 7.1** www.StrategicCorporateResearch.org

Using these four ratios will provide an excellent way to analyze a company within the context of its competitors. Table 7.1 provides data on these four ratios for Activision Blizzard from 2020 to 2022.

In terms of the company's current ratio, it started at 3.41 in 2020, bounced up to 5.21 in 2021, and went back down to 4.07 in 2022. These

variations in the current ratio are not very significant given that at its lowest, the company has $3.41 in current assets for every dollar in current liabilities. Given these numbers, there are no concerns about the liquidity of ATVI.

## Financial Ratios—Historical

### Activision Blizzard

| Year | 2022 | 2021 | 2020 |
|---|---|---|---|
| **CURRENT RATIO** $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 4.07 | 5.21 | 3.41 |
| **RETURN ON ASSETS** $\frac{\text{Operating Income}}{\text{Assets}}$ | 5.77% | 11.21% | 10.20% |
| **DEBT-TO-EQUITY RATIO** $\frac{\text{Debt}}{\text{Equity}}$ | 0.19 | 0.19 | 0.24 |
| **INTEREST COVERAGE** $\frac{\text{Operating Income}}{\text{Interest Obligation}}$ | 17.15 | 31.64 | 35.05 |

**Table 7.1** www.StrategicCorporateResearch.org

In terms of its profitability, its return on assets was 10.2% in 2020. This means that for every dollar of assets, the company generated an impressive 10.2 cents in net income. It rose a bit in 2021 to 11.21 and fell substantially in 2022 to 5.77. But even at its lowest, the numbers here indicate that Activision Blizzard is effectively using its assets to create income. It will be important nevertheless to compare this to other firms in the same industry to make sure.

From table 7.1, it is clear that ATVI has virtually no debt. In 2022, the company's debt to equity was 0.19, which means that for every dollar it had in equity, it had only 19 cents in debt. This number is also slowly declining. This small level of indebtedness is reflected in ATVI's interest coverage. While it dropped from 31.64 in 2021 to 17.15 in 2022, it still means that the company is bringing in more than seventeen times the amount of money than it must pay out in debt obligations over the course of a year.

From our ratio analysis so far, it is clear that ATVI is in a strong financial position as an individual firm. Its current ratio indicates that it is very liquid, its return on assets is strong, and it has little debt and can easily cover its interest payments. But to help understand the company's strength within its industry, we provide table 7.2, which presents financial ratios for ATVI along with two of its competitors, Electronic Arts (EA) and Ubisoft Entertainment (UBSF).

In terms of the current ratio, ATVI's 4.07 is considerably larger than EA at 1.21 and UBSF at 2.78. Reinforcing what we have seen on the financial statements, Activision Blizzard has substantial cash on hand—and we now know that it has considerably more than its competitors, suggesting a very strong market position.

The ratio comparison table (table 7.2) also shows that there is variation when evaluating the return on assets for each firm. ATVI's ROA of 5.77 is very close to EA's 5.88. UBSF is negative, due to a substantial operating loss for the year. What we see here is that ATVI and EA are very close in how they use their assets to generate income. Overall, for each dollar they have in assets, they generate approximately 5 cents in net income—and more importantly, we can see that the company's performance here is in line with the industry.

# Financial Ratios—Comparison

## Activision Blizzard

| Company | ATV | EA | UBSF |
|---|---|---|---|
| **CURRENT RATIO** $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 4.07 | 1.21 | 2.78 |
| **RETURN ON ASSETS** $\frac{\text{Net Income}}{\text{Assets}}$ | 5.77% | 5.88% | (10.26)% |
| **DEBT-TO-EQUITY RATIO** $\frac{\text{Debt}}{\text{Equity}}$ | 0.19 | 0.26 | 1.66 |
| **INTEREST COVERAGE** $\frac{\text{Operating Income}}{\text{Interest Expense}}$ | 17.15 | 22.97 | (16.27) |

**Table 7.2** www.StrategicCorporateResearch.org

It is also clear from table 7.2 that all of these competitors have low amounts of debt. Ubisoft has the highest debt-to-equity ratio at 1.66, which means that for every dollar it has in equity, it has $1.66 in debt. Activision

Blizzard's debt stands at 0.19, with Electronic Arts at a similar 0.26. Because its two closest competitors are also not using much borrowing to achieve their return on assets, there is no reason to believe that Activision Blizzard is being too conservative here.

Based on this low level of indebtedness, the interest coverage for ATVI and EA—that is, how much of their operating income they need to spend on interest payments—is quite high. At 22.97, EA's interest coverage is the highest, which is quite similar to ATVI's interest coverage of 17.15. UBSF's interest coverage is negative, reflecting its income loss for the year. Again, ATVI's interest coverage seems to be in line with its healthy competitor, EA.

Using financial ratios, we have been able to contextualize what we learned from the financial statements and understand it in terms of the company's competitors: The financials are very similar between ATVI and EA. The return on assets, debt-to-equity ratio, and interest coverage are very similar. The one exception is in terms of liquidity—Activision Blizzard has significantly more cash. Ubisoft appears to be struggling, demonstrating that challenges are possible in the industry.

## Segment Analysis

Now that we've compared the company to its competitors in the market, let's look more closely inside the company to see where the money is made inside the firm—a segment analysis. Most publicly traded firms report their revenue and income by segmenting them by business operations, or by geography. Such information is key for strategic researchers. In some cases, it identifies a company's single profit center. In more complex firms, it shows the distribution of revenue and income by its business segments, which may point to specific areas of leverage for a campaign. Understanding the geographic distribution will also be fundamental in determining how you shape a campaign.

# Business Segment Analysis

## Activision Blizzard (in thousands)

| | Revenues | | | Operating Income |
|---|---|---|---|---|
| **Year** | **2022** | **2021** | **2020** | **2022** |
| **Activision** | 3,275,000 | 3,776,000 | 3,689,000 | 1,317,000 |
| **Blizzard** | 1,936,000 | 1,975,000 | 1,803,000 | 625,000 |
| **King** | 2,785,000 | 2,597,000 | 2,167,000 | 1,121,000 |

**Table 7.3** www.StrategicCorporateResearch.org

In table 7.3, let's look at revenues and operating income for ATVI's three business segments—Activision, the storied video game brand now associated with blockbuster console games like *Call of Duty*; Blizzard, most famous for *World of Warcraft*; and King, its mobile division, known for games like *Candy Crush*. Activision brings in the most revenue at $3.28 billion, followed by King at $2.79 billion and Blizzard at $1.94 billion. Both King and Blizzard saw a steady increase from 2020 to 2022. Activision's revenue increased slightly in 2021 from $3.69 billion to $3.78 billon and then dropped to $3.28 billion in 2022.

# Net Revenues by Geographic Location

## Activision Blizzard (in thousands)

| Year | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Americas** | 4,208,000 | 4,931,000 | 4,434,000 |
| **Europe, Middle East & Africa** | 2,236,000 | 2,797,000 | 2,680,000 |
| **Asia Pacific** | 1,084,000 | 1,075,000 | 927,000 |

**Table 7.4** www.StrategicCorporateResearch.org

In terms of operating income, in 2022, Activision also generated the most at $1.32 billion, followed closely by King at $1.12 billion, with Blizzard coming in third at $625 million.

Table 7.4 details the geographic distribution of ATVI sales. Slightly over one-half of the company's market is in the Americas at $4.21 billion. Almost one-third of its sales are in Europe, the Middle East, and Africa at $2.24 billion. The remaining $1.08 billion is sold in the Asia Pacific market. The fact that nearly half of sales are outside the Americas demonstrates the global reach of Activision Blizzard.

### Stock Analysis

There are numerous resources available about the stock market, stocks, and investors, and from them you can frequently access information about a firm's stock price. All this information is important to consider as you

continue your financial analysis. And there are several other things you need to keep in mind.

First, when a company's stock price goes up, this does not add to its revenue. Instead, the beneficiaries of the increase in stock price are the shareholders. The increase in stock price will increase the firm's *market capitalization* (market cap), or the number of shares multiplied by the price of the stock. When the stock price goes up, so does the market cap. An increase in market cap does not by itself demonstrate an improvement in the firm's financial health, but it can benefit the company indirectly by boosting the public perception of the firm and indicating that it is a safer investment.

A stock price is "supposed to" reflect the net present value of all future earnings of a firm based on all current information available. In some cases, the stock price of a firm diverges from financial performance because of market psychology. As G.C. Selden articulated in his pioneering book *Psychology of the Stock Market*, the sentiments of investors can raise or lower the stock regardless of the fundamentals of the firm.[1]

There are a number of ways this happens. Issues in the larger industry could impact stock price, such as concerns about the safety of a product. Good or bad news about the firm that has nothing to do with its market fundamentals can also have an impact on the stock price. Larger issues in the economy, such as the impact of COVID, can impact stock prices. And you also need to remember that even financially struggling firms often see a dramatic rise in their stock price when an offer to purchase them is in the wings.

The value of the company's stock is important to examine as part of your financial analysis, as long as you understand that the stock value is not part of the financial fundamentals of the firm. The biggest power players in a firm—including the board of directors, top managers, and large external shareholders—often own a substantial amount of stock and have a vested interest in making sure the stock price stays high. Look for articles about your firm's stock performance in industry publications and the financial press.

It is also important to identify if the company has bought back its own stock, which has become a common practice in the past several decades. While stock buybacks do result in the firm having fewer stockholders and hence more control of the firm, it is largely a device to inflate the stock

price. Many executives and board members own a large quantity of stock and will receive a major windfall from this practice.

# Financial Ratios

**Private Sector**

| | Your Target | | | Competitors | |
|---|---|---|---|---|---|
| **Ratios** | **Year 1** | **Year 2** | **Year 3** | **Competitor 1** | **Competitor 2** |
| **CURRENT RATIO** $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | | | | | |
| **RETURN ON ASSETS** $\frac{\text{Operating Income}}{\text{Assets}}$ | | | | | |
| **DEBT-TO-EQUITY RATIO** $\frac{\text{Debt}}{\text{Equity}}$ | | | | | |
| **INTEREST COVERAGE** $\frac{\text{Operating Income}}{\text{Interest Obligation}}$ | | | | | |

CHAPTER 8

# Making Sense of What You Have Found

As you work through finding answers to the twenty-four question areas, it is easy to get lost in all the details. While this in-depth research is a crucial phase in the development of a strategic campaign, at some point you need to stop—ideally well before you run out of time and money. Once you start to design and implement a campaign, you will undoubtedly discover that you need to conduct additional research. But first, you will need to summarize and analyze what you have found. This is not just a technical process, but an active and creative one.

Let's think about summarizing the information you've gathered in terms of the principles of popular education, which have developed from many threads: the Scandinavian "folk schools," the work of Paulo Freire in Brazil, and the establishment of the Highlander School in Tennessee by Myles Horton.[1] Highlander was the center for a fundamentally new approach to educating the poor and working class.[2]

Horton describes the starting point of all popular education: "Insofar as I have learned to listen to people and to honor and respect them as individuals," he declares, "I have been a good teacher. … When I have failed to do this, my teaching has failed."[3] This is the approach we tried to emulate in our member-driven model of strategic corporate research. Before introducing corporate documents or financial databases, it is critical to listen to workers, honoring and collecting what they know from their lived experiences.

Individuals bring different experiences and insights to the table of a strategic research campaign. Workers on the research team might focus on

one or more areas during the first phase of the work. In the second stage, the entire team examines and discusses all the relevant findings to look for patterns.[4] This includes the workers' own knowledge and information they have gathered from various primary and secondary sources.

We discuss the mechanics of running a rank-and-file strategic corporate research process more fully in appendix 1, but here we want to underscore how critical is it for all participants to post what they know or have found in a Google Doc or similar shared document. In this way, all the information becomes available to the entire team, generating more and deeper insights than when any of it is held by just one person.

The next step in a campaign research project is the process of creating a whole out of many disparate pieces. Susan DeCarava details the impact of becoming engaged with the research process, saying, "It rewires our brains and reframes the worker/boss relationship. This cannot be underestimated. … When you research your own company, your own boss, you realize that you are not special to them." She continues, "It's about exposing the structure you are occupying, lifting the veil and realizing that not only are you not special but you're part of this structure that is designed to disenfranchise you. That's what I find to be at the heart of the most radical part of what this exercise can be…. That's what makes the research a radicalization process."[5]

This process of moving beyond one's individual experience is what C. Wright Mills called "sociological imagination."[6] He suggests that we typically look at the problems in our everyday lives as a consequence of our biography. For example, we might believe we have been unable to find good work because we didn't study hard enough or because we lack motivation. This focus on the self, which seems so natural under neoliberal ideology, individualizes our problems and makes them seem impossible to solve.[7] As Jennifer M. Silva has documented in her book *Coming Up Short*, many working-class Americans are surviving the capitalist system not with a critical analysis of inequality, but through personal growth and discipline.[8]

Developing the sociological imagination, and a view of another way forward, is possible. By combining their own lived experience with information from other workers and databases in this strategic research process, rank-and-file workers move their analysis beyond their own problems. Connor Hovey describes how this worked at Trader Joe's:

> Yeah, we were all messaging each other nonstop. “I found this out. Get a load of this. This is garbage. Let’s take a look at this.” [*Laughs*] … It really changed the perspectives. Instead of us just complaining—“God, this company sucks. Why can’t we do anything about this?”—now we can do some deep research and figure out why they’re doing what they’re doing, and then try to come up with some kind of solution from there. It helps building actions, it helps our general understanding.[9]

Carla Williams, a rank-and-file member of the AFA, describes a similar process at Delta Air Lines: “Delta uses PR and marketing on their employees to make it sound like everything’s great, we’re the best. When you find the facts, you see the truth and you know what you’re dealing with ... [and then] we’re able to dispel some of those myths and propaganda in our organizing. The facts are just not lining up with what they’re saying.”[10]

Developing their sociological imagination in this process, workers learn to shift their focus away from seemingly daunting individual problems or setbacks in the workplace toward an understanding of larger collective issues that need to be addressed as part of a structural and historical process of change—such as how the US economy is creating tons of contingent jobs and fewer steady, well-paid ones.

This is exactly what we have seen in our rank-and-file research projects. Participants on the research team begin to see their own experiences within a larger structural framework. As Sara Nelson describes:

> The members of the union know the business better than any researcher from outside the company. It’s just a matter of connecting the dots. They know it on the front end, but they don’t necessarily yet know all the pieces behind it. Working with researchers can help connect them to the big story about the profits, and where the company is putting their resources…. It shows the rank-and-file activists who are very, very engaged in the workplace—but who may think that they’re not worth as much because they don’t have a college degree or MBA—that they know the business better than the managers or anybody and just need the tools to win the demands that they’re making.[11]

Image 8.1 provides a template for summarizing your team's research. As with all the other parts of this process, reviewing and summarizing should be collaborative, with participation from the whole team. To get started, sit down together and look through the twenty-four-question document. You might not read every single word if your document is a hundred pages long, but by skimming through the material together, you can begin to piece together a more holistic view of the firm.

# Research Summary

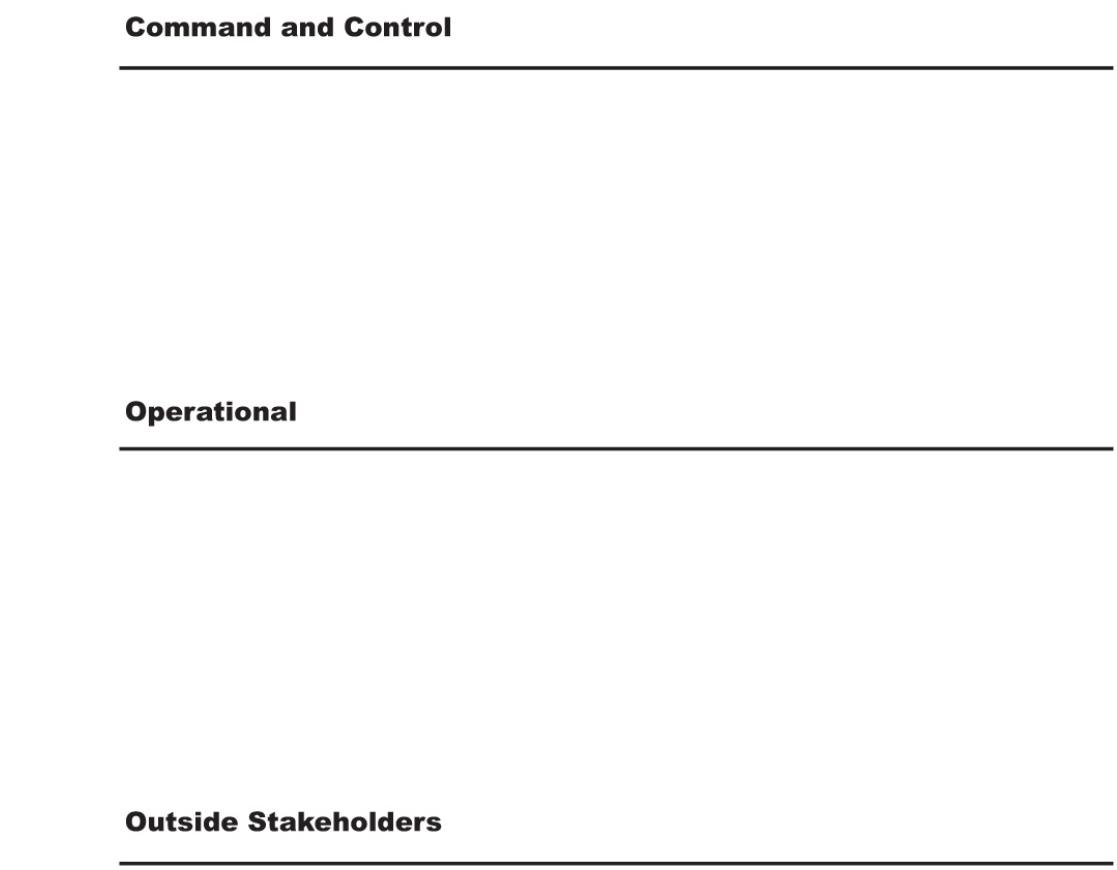



**Image 8.1** www.StrategicCorporateResearch.org

Throughout the research process, we have observed how workers contribute the knowledge they already have along with the new information they discover while investigating specific aspects of the company. Now,

during the summary process, is when workers' knowledge and research finally come together. As both Sara Nelson and Susan DeCarava have explained, rank-and-file workers may not realize the connection between their findings and those of another researcher until they have the opportunity to hear about those findings in person.

As you work through the research documents with your own team, exclude from your summary any topics that are not relevant to your strategic campaign. For example, in our research at Trader Joe's, we found that the company pays suppliers in cash and has no lenders, so we crossed the questions about lenders off our list and focused our attention elsewhere.

This process directly follows the "spiral model" used in popular education. The spiral begins with drawing on the experience and knowledge of the participants, which they systematically explored and documented using the twenty-four question areas as a guideline. That same lived experience can inform and enhance the research the team finds using the same databases and systems that "experts" use. The next level of the spiral model, looking for patterns, is a critical process that helps workers link their own knowledge to the larger campaign. As the authors of *Education for Changing Unions* explain, "Identifying patterns in a discussion is a crucial step that educators often skip to get to the content they want to impart. This leaves participants feeling that the experiential part was a token activity only meant to pave the way to the 'real thing.'"[12]

We don't want rank-and-file researchers to come away thinking that they've only been asked to participate so that the professionals could harvest their knowledge and then hand them a campaign. This research model requires the collective effort of the whole team throughout the entire process. By engaging rank-and-file workers in the process of making meaning out of the findings, we ensure that everyone feels a sense of ownership for the campaign to come. Perhaps more importantly, we want to repeat here that leaving rank-and-file workers and on-the-ground organizers out of this process would squander the extraordinary resources they bring to the table. By this point, working with your own team, you will have already observed, through building on the twenty-four question areas and preparing your research document, just how much intelligence and strategic insight they have provided—so let's keep that momentum going.

## From Summary to Analysis

To make your findings actionable, you need to fully analyze what you have found. We suggest starting this process by using the strategic summary to identify the company's decision-makers, key relationships (or secondary targets), profit centers, and growth plan. Use the worksheet shown in image 8.2 to analyze what you have found and pinpoint clear targets for your campaign.

By working through this exercise collectively, the entire research committee will understand why it might not be effective to simply stand in front of the plant or company headquarters. The strategic target analysis helps determine what leverage can be gained by disrupting the supply chain, targeting major stockholders, digging into the local regulations on a new facility the company is trying to build, and other alternatives. Remember George Becker's admonition here: it is not enough to focus on only one of these targets; you need a multifaceted campaign to pressure the company "on Monday, Tuesday, Wednesday …" (That's why our framework, once again, guides you through a systematic examination of all these potential targets.)

# Strategic Targets

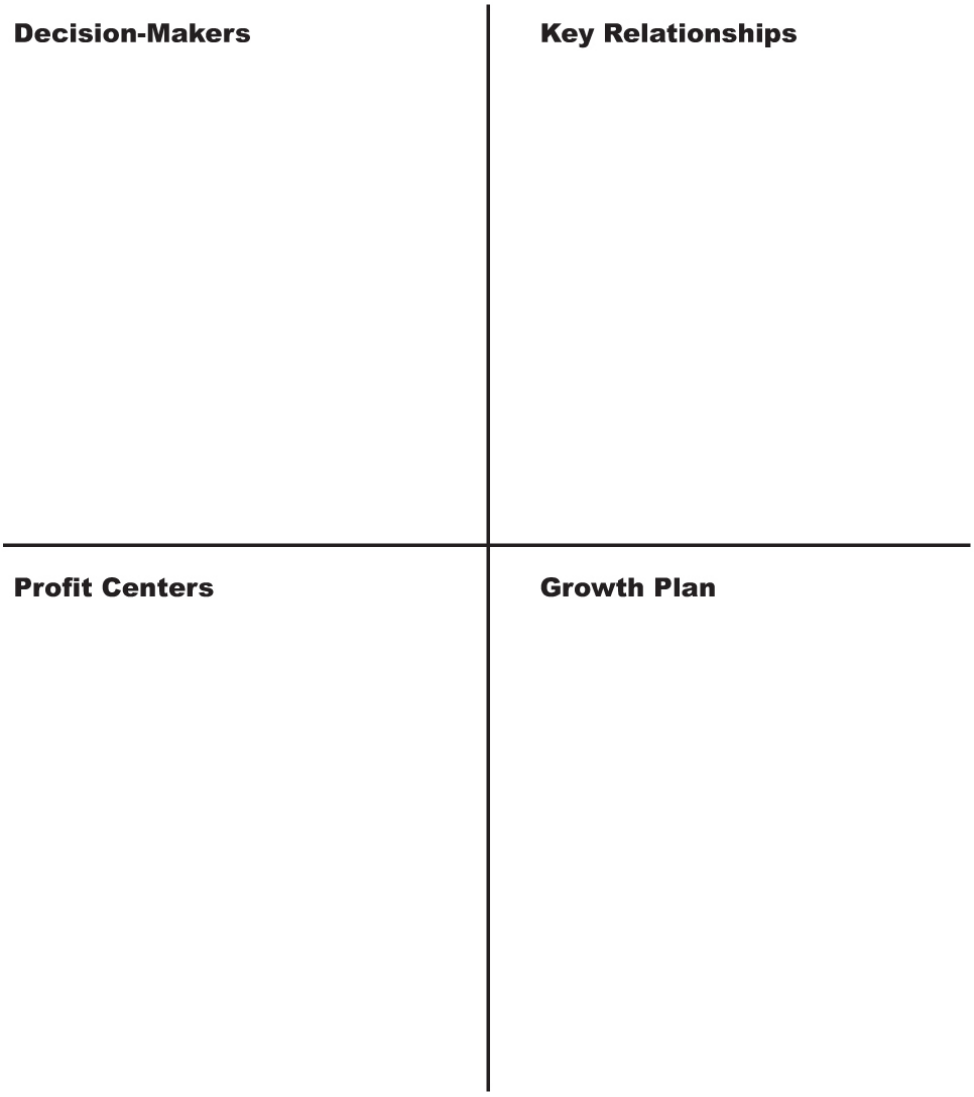



**Image 8.2** www.StrategicCorporateResearch.org

Regarding decision-makers, it is imperative to think beyond the CEO and top company management. Particularly, given the rise of private equity and the complex structure of so many companies such as Google and Apple, it behooves you to slow down here and fully consider everyone who fits the bill.

You also need to distinguish between decision-makers and key relationships (secondary targets). For example, given that Bill Gates owns almost one-third of the stock of Republic Services and has two representatives on the board, he is clearly a decision-maker. On the other hand, the Farmer family owns about 10 percent of Cintas, which makes them a key relationship and a secondary target.

There is no exact science here about when an individual or entity is a key relationship or decision-maker. In many instances, these roles become clear through detailed research; in other cases, they won't be clear until the campaign actually begins. But time spent parsing this out now will not be wasted.

In terms of identifying key relationships or secondary targets, it is easy to start with suppliers, customers, and board members, as Ray Rogers did. And they may be important. But do continue to explore. Looking at the regulatory structures that apply to the target firm can often be fruitful. Have they had significant problems with safety and health, the environment, or diversity, equity, and inclusion? These issues can be powerful in exerting leverage against the firm.

To identify the profit centers, the segment analysis we conducted as a part of chapter 7 is an invaluable part of the process. It may be very straightforward, especially in firms with a singular focus in their production or services. Companies will often segment their revenue and income by geography, demonstrating in which parts of the country or world they are generating profits. This discovery may have a significant impact on how you construct your campaign. In other cases, you may need to work harder to identify the profit centers. In addition to examining company documents and the investor relations sections on their website, it's often useful to look at the media's business coverage as well as the work of analysts covering the target firm—this is one area where our concerns dovetail nicely with those of the investor class, who are also interested in fully understanding the profit centers of the firm.

Finally, it is critical to understand a company's growth plan. This is where the company is heading and is almost always a key source of leverage. In large companies with many locations or operations, it can be difficult to know where to focus a campaign. But interfering with a company's growth plan can do more than just focus the campaign.

Disrupting the company's growth plan can have a compounding impact on the firm's bottom line and its stock price—while throwing a monkey wrench into management's plans and ability to deliver for stockholders or other key stakeholders.

## Reconceptualizing Power

In addition to identifying targets for your campaign, it is also imperative to understand your power and how you can use it against those targets in a strategic campaign. Power, however, is one of the most misunderstood concepts in the labor movement. While we in the labor movement are always speaking of power, the concept is ill-defined and has become a catchall for all kinds of worker and union action. Before proceeding, let's look at how to understand power in a more complex and nuanced way.

Erik Olin Wright, in "Working-Class Power, Capitalist-Class Interests, and Class Compromise," distinguishes between structural and associational power. He suggests that structural power is that which "results simply from the location of workers within the economic system."[13] This definition of power encapsulates the way power is most often conceived of in the labor movement—primarily that workers and the unions can withdraw their labor and disrupt the operation of the company through strike actions.

Wright goes on to distinguish between two types of structural power: "The power of workers as individuals that *results from tight labor markets* or from *the strategic location of a particular group of workers* within a key industrial sector."[14] The first type of structural power is straightforward. When there is a smaller group of workers available to replace workers who go on strike or decide to quit their jobs, workers and their unions are more powerful. The larger the labor pool, the weaker this type of structural power becomes.

The second type of structural power requires identifying workers who are critical for the firm's continuing operations. This is the type of structural power that John Womack Jr. poses in *Labor Power and Strategy*.[15] He focuses his analysis on the need for workers and unions to identify "choke points" in the production process so that they can disrupt operations.

In addition to these two types of structural power, Wright identifies another kind of power: associational power. He describes it as "the various forms of power that result from the formation of collective organizations of

workers." He continues, "This includes such things as unions and parties but may also include a variety of other forms, such as works councils or forms of institutional representation of workers on boards of directors in schemes of codetermination, *or even, in certain circumstances, community organizations*."[16]

Clearly, Wright's definition of associational power is quite broad. It includes the power that comes from shopfloor organizing and other ways workers are involved with their employers. He also notes that associational power could come from community organizations, although it is clear that in 2000, when Wright wrote this article, coalitions with community organizations were not as central to labor strategy as they have become.

Some in the labor movement have dismissed the importance of associational power, arguing that labor's only real power is structural power. Womack argues that "associational power is a result of strategic power. It is a consequence of strategic power, a derivative power." In our reconceptualizing of Wright, we would argue the opposite.

In the conventional understanding of structural power, the assumption is that it exists simply because of labor market circumstances and the identification of strategic workers. While this power exists in theory, if workers are not organized and mobilized, they cannot actually realize this power. For example, in the 2012 Chicago teachers' strike, teachers theoretically had structural power, given that they were difficult to permanently replace. But it was only when the union's president, Karen Lewis, and her team rebuilt the union from the bottom up that they had the associational power to actualize their structural power.[17]

We would argue that this use of associational power is very different from the power that comes from community coalitions. In addition to rebuilding their union, the Chicago Teachers Union made an ambitious and successful effort to involve the community and center the concerns of parents and other community members. This approach, which is now referred to as "bargaining for the common good," was a tremendous source of power for the union, and one without which they arguably would not have succeeded.

Following from that example, we think it is important to distinguish between associational power and what Marissa Brookes calls "coalitional power." She suggests that "almost all workers have access to networks of

social relations by virtue of the multifaceted aspects of their lives. Workers are not just workers."[18] The opportunities made available here require what Jane McAlevey refers to as "whole worker organizing."[19] Brookes continues, "The capacity of workers to expand the scope of the conflict by involving other, nonlabor actors willing and able to influence an employer's behavior is what I call *coalitional power*."[20]

Since the time of Wright's article, we have seen the growth of a wide range of labor and community coalitions.[21] Given their prominence, it is important to recognize this as a type of power distinct from the associational power that actualizes structural power.

In addition to structural, associational, and coalitional power, workers and unions have institutional power. This is the power that comes from the embeddedness of unions and their practices within a governmental framework. As Brookes suggests, "For organized labor, national institutional context is especially important since industrial relations laws, collective bargaining procedures, welfare state, court systems, and other national-level institutions significantly shape workers' employment conditions, legal rights, and relationships with employees."[22] While our focus in this book has been on the private sector, this is especially important in the public sector.

We have seen the steady erosion of governmental support for a level playing field between labor and management. There were many threads behind these efforts, including Ronald Reagan breaking the air traffic controllers' union. In this context, it would be easy to reject any consideration of institutional power as simply a remnant of the New Deal. And while workers and unions are wise not to rely on receiving help from the courts or the government, it is important to recognize that some institutional power may remain. Detailed research can help identify where it exists.

For example, although the NLRB has been defunded and politicized, recent decisions have been considerably more labor-friendly, allowing organizers at Starbucks Workers United to use this institutional power to support organizing efforts—filing hundreds of complaints with the NLRB over the company's union-busting tactics and posting about their wins on social media and news platforms. In February 2023, a rank-and-file group called Baristas United won reinstatement and back pay for two workers

who were fired for recording supervisors while they illegally told workers not to make anti-Starbucks statements.[23] In August 2023, an NLRB administrative law judge ruled the company's civility policy was overbroad, giving workers more protection to organize in their workplace.[24]

Both of these wins, among others, have bolstered workers' confidence in their ability to organize and be protected, helping lead to their recent agreement with Starbucks to start bargaining a master contract with the union.[25] Similarly, during the Smithfield campaign, the Washington, DC, appeals court supported the NLRB decision that the company had illegally fired ten workers, fining the company $1.5 million.[26] This came at a critical time in the workers' campaign and helped build momentum.

Remember that in addition to national and state agencies, depending on the industry you are working in, there may be specific occupational regulators at the federal or state level. In the US, the airline industry is governed by the Federal Aviation Administration, the nuclear industry is governed by the Nuclear Regulatory Commission, and many states have agencies that oversee health care. It is important to understand all the relevant regulatory agencies for your firm's industry and where this might yield institutional power. This is especially true in Canada, which is more highly regulated.

It is important to note here that institutional power is more than just having an institution act on the information you provided and start proceedings. As we discuss more thoroughly in our campaign chapter, the very act of filing charges or even threatening to file may yield significant institutional power.

Identifying violations of a regulatory policy will also be useful when building the final type of power we discuss: symbolic power.[27] Remember that union bargaining and organizing campaigns take place largely in the public sphere, giving unions a platform to effectively use symbolic leverage against an employer. For example, if a company has bragged about its recycling efforts, and employees discover that those efforts are paper-thin, this provides the union with symbolic power.

This power isn't just important when it comes to the negative press the company might receive as a result of workers documenting the company's misdeeds. It is also powerful because it gives rank-and-file workers evidence that the company is not following through on its promises. It casts

a very important shadow of doubt on the company's legitimacy as a ruling institution, giving pro-union employees an opportunity to have a conversation with their colleagues about unfulfilled promises and other misdeeds of the company.

Symbolic power can also be used to build coalitional power with community groups. For example, Apple retail workers discovered that all the cobalt necessary to produce Apple devices comes from a single mine in the Democratic Republic of the Congo that uses enslaved children as a labor source. While journalists have criticized Apple's relationships with these suppliers in the past, this finding was significant for workers to discover on their own and discuss with their colleagues.

There is an opportunity for Apple retail workers to join forces with other allies in this fight and build a meaningful coalition with Congolese community groups or antislavery organizations, using the symbolic power inherent in the culture of the company and its customer base to push for better treatment of every single worker in the Apple supply chain.

Strategic campaigns need to articulate a critique of the firm. Research and consideration of symbolic power are fundamental here. It is easy to point out that companies are stingy to their workers, given the salary and benefits of their CEOs. Yet this kind of critique is unlikely to yield much public support, as labor is seen as another special interest group looking out for itself. Identifying symbolic power is critical to developing a critique of the employer that resonates with workers and the public, which then allows us to build a larger social justice frame for our struggles.

While we have underscored the importance of symbolic power here, don't fall victim to the idea that symbolic leverage alone can win a campaign. Exposing the company's wrongdoings and creating a negative public image of the firm alone is not sufficient to win. Symbolic power is only effective when used in combination with structural, associational, coalitional, and institutional power. While working to expose the false legitimacy of the employer, you must also build the legitimacy of the union—and that means showing that you have a real plan to win.

Some have suggested that the postwar labor movement only utilized structural power. But the first four types of power in image 8.3 reflect the power workers used in a traditional postwar labor campaign, which are very different from the four types in a strategic campaign, as found in image 8.4.

In terms of structural power, unions used labor law and lobbied politicians. Their use of structural power consisted of working to rule and striking. They used coalitional power to garner the support of other locals of their union, the national or international union, and the local labor council. Symbolic power was used primarily to embarrass and ridicule company officials.

# USE OF POWER IN A TRADITIONAL CAMPAIGN

| SOURCES OF POWER | STRATEGY |
|---|---|
| **Institutional (Governmental)** | • Use of labor law governing bargaining<br>• Lobbying politicians |
| **Structural/ Associational (Economic)** | • Strikes<br>• Work-to-rule |
| **Coalitional** | • Other locals of same union<br>• Local labor councils |
| **Symbolic** | • Embarrassment of company officials |
| **Personal** | • Skill of union staff to secure agreement |

Note that we have added another type of power to image 8.3 that was often used in traditional campaigns—personal power. These are the qualities of union staffers who believed that they could work alone to secure a contract by themselves, without the involvement of anyone else. This was very much a product of postwar business unionism that relied heavily on staff and full-time elected leaders. However, this is not real power, which is why we have eliminated it as we look forward.

# USE OF POWER IN A STRATEGIC CAMPAIGN

| SOURCES OF POWER | STRATEGY |
|---|---|
| **Institutional (Governmental)** | • Use of employment, discrimination law<br>• Work with politicians on policy changes and passing legislation<br>• International framework agreements<br>• Transnational compliance efforts |
| **Structural/ Associational (Economic)** | • Pressure on broad group of decision-makers, key relationships<br>• Focus on profit centers and growth plan<br>• Pressure up and down supply chain |
| **Coalitional** | • Broad connection with other unions—local and global<br>• Community and faith-based coalitions<br>• Coalitions with unlikely allies (e.g., shareholder activists) |
| **Symbolic** | • Social justice framing<br>• Global efforts for recognition, redistribution |

**Image 8.4** www.StrategicCorporateResearch.org

You can see from image 8.4 that the use of power in a strategic campaign is more complex and multifaceted. In terms of institutional power, it moves far beyond lobbying, asking politicians to be involved in

policymaking at a number of different levels. It also recognizes that institutional power can come from international institutions. As we have said before, it uses structural power not just to strike but also to put pressure on decision-makers, key relationships, profit centers, and the growth plan.

A strategic campaign thinks quite broadly about coalitional work and uses a social justice framework in articulating its symbolic power, not just ridicule. And in this more democratic model, personal power is greatly diminished.

The worksheet in image 8.5 will assist you as you build on your research and articulate the kinds of power you and your coworkers have. But using this worksheet to find your power entails a different process than finding answers for the previous section, because your power has likely never been articulated anywhere. This process will require some analytical effort on your end, working jointly with all the members of your team. Take your time; sit down together to explore all the forms of power at your disposal. You'll need all of it to win your campaign!

# Sources of Power

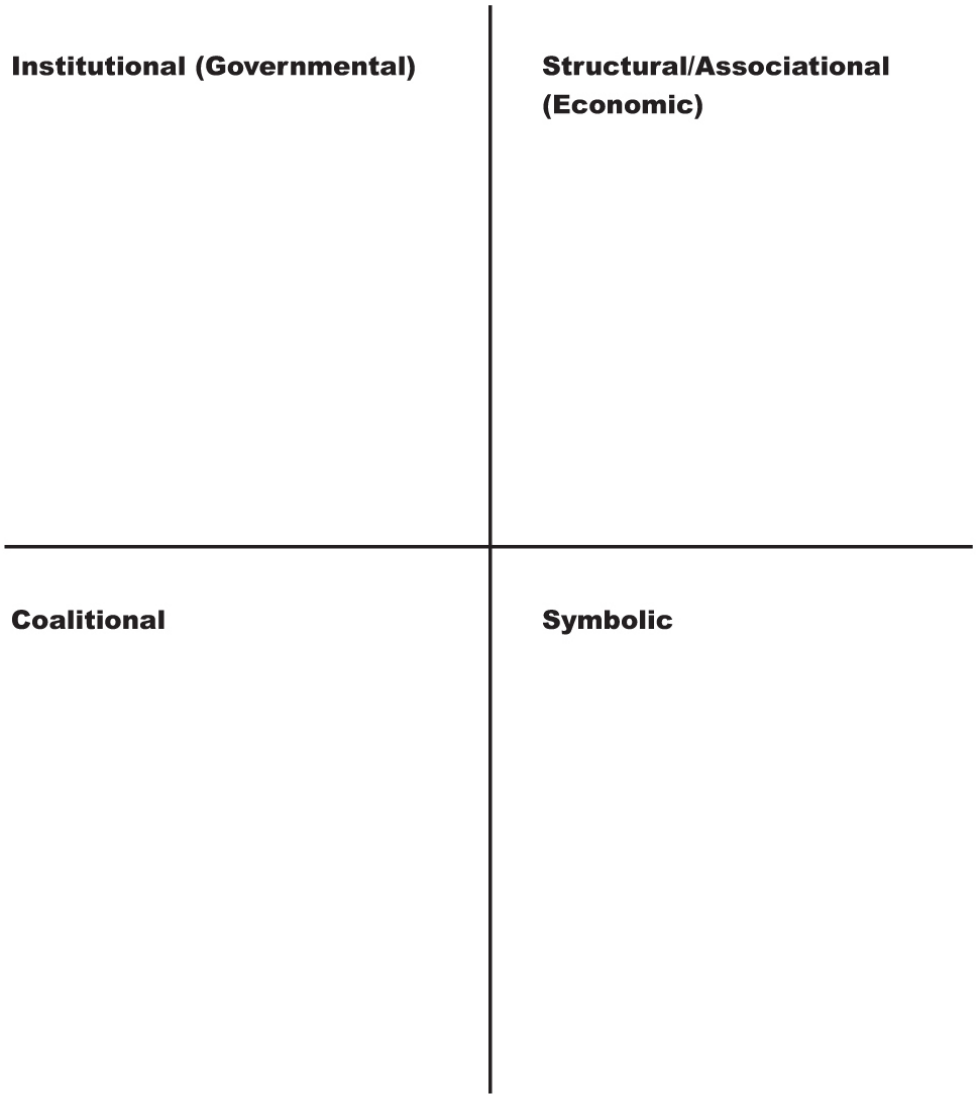



Image 8.5 www.StrategicCorporateResearch.org

CHAPTER 9

# Building a Winning Campaign

Having completed and summarized the research, conducted a strategic summary, and identified sources of power, it is time to start building a campaign. Developing a campaign based on research is possibly the most challenging part of this model.

Ironically, building a campaign can be hindered by our roles as activists and our desire to do something right away. Why wait to build an escalating campaign against a supplier or a board member when we can go right now and put a picket line up in front of the plant gates? Don't get us wrong here. We always need union activism and militancy. And maybe walking that picket line is exactly what you should be doing. But as we saw in the A.E. Staley campaign, even the most militant action borne out of the greatest sacrifice may fail to bring any pressure on decision-makers. Maybe time would be better spent picketing somewhere else—at a major shareholder or a key supplier.

What are we suggesting here? It's time to stop automatically doing what you've always done; it's time to develop a plan.

This desire to jump right in is also a product of focusing primarily on tactics—another legacy of past practices in the labor movement. If you have not investigated the firm and analyzed targets and power, then your campaign is reduced to simply deciding which tactics to use. This was labor's approach throughout much of the postwar era, and, regrettably, it is still the approach today for many unions.

Let's be perfectly clear here on the distinction between strategy and tactics. As described by Kim Bobo and her colleagues in *Organizing for*

*Social Change*, "A strategy is the design of the campaign combined with an analysis of power relationships." The authors elaborate that strategy is "a method of gaining enough power to make a government or corporate official do something in the public's interest that he or she does not otherwise wish to do." They continue, "Tactics are the individual steps in carrying out a strategy."[1]

Activist literature is filled with lists of "winning tactics," starting with the classic *A Manual for Direct Action: Strategy and Tactics for Civil Rights and All Other Nonviolent Protest Movements* by Martin Oppenheimer and George Lakey, through Saul Alinsky's *Rules for Radicals*, to Eric Mann's *Playbook for Progressives*.[2] More recently, Danny Caine has written about tactics to resist Amazon, and Eric Blanc suggests lessons from the Starbucks campaign.[3]

New creative tactics emerged in the first two decades of the twenty-first century, like the flash mobs used by the OUR (Organization United for Respect) Walmart campaign, mass email and phone call actions, and social media campaigns. We've also seen unions return to grassroots organizing, like the Amazon Labor Union (ALU). ALU president Chris Smalls was quoted in a *Washington Post* article, saying, "We had over 20 barbecues, giving out food every single week, every single day. … We all contributed giving out books, literature, giving out free weed because it's legal…. We did whatever it took to connect with those workers to make their daily lives just a little bit easier, a little bit less stressful."[4] While creative and fun, tactics are situational, and not every tactic will be effective for every campaign. You first need to develop a strategy for your campaign. Only then can you pick the appropriate tactics.

## How Campaigns Have Been Built

With the initial emergence of corporate campaigns in the late 1970s and early 1980s, we saw a number of publications about corporate research and campaigns. One ground-breaking piece was the *Manual of Corporate Investigation*, first published in 1978 by the Food and Allied Service Trades Department (FAST), a department of the AFL-CIO.[5]

*Developing New Tactics: Winning with Coordinated Corporate Campaigns*, published by the Industrial Union Department (IUD) of the AFL-CIO in 1985, included much of the material in the FAST manual.[6] The

*Developing New Tactics* companion manual published the following year, *The Inside Game: Winning with Workplace Strategies*, provided several pages of potential tactics as well as eight case studies and their strategies and tactics. While these case histories are illuminating, the rest of the manual fails to illustrate how such strategies could be developed by other unions. Winning strategies are presented as if they were intuited by union leaders and unanimously endorsed by the rank and file.

Although not a direct publication by the labor movement, the American Labor Education Center published a special issue of *American Labor* titled "Corporate Campaigns: How to Make Them Work" in 1985.[7] It was less focused on corporate research and the development of campaigns, instead articulating basic principles. Despite being decades old, it continues to be relevant. For example, it suggests that "you must impose real costs on the employer, not just embarrassment," you should "identify allies who have already developed issues," and you should also "give management officials a reason to settle." We have built these important concepts into our model.

### Corporate Campaigns: How to Make Them Work

(from American Labor Education Center, *American Labor*, no. 28, 1985)

1. You must impose real costs on the employer, not just embarrassment.
2. Appeal to others based on their concerns, not yours.
3. The goal is broader than "winning."
4. Involve the rank and file if you want to win.
5. "Research" includes asking the local people.
6. Identify allies who have already developed issues.
7. Give individual management a reason to settle.
8. Target communication efforts for specific effects.
9. Prepare for the campaign in advance.
10. Develop union coordinators for corporate campaigns.

Notably, the article suggests that “research includes asking the local people” and that you must “involve the rank and file if you want to win.” At the time, however, this advice was aspirational, given that this was exactly when Ray Rogers established his Corporate Campaign, Inc., and many in the labor movement were focused on outside consultants.

The Service Employees International Union’s (SEIU) *Contract Campaign Manual*, first published in 1988, offered hands-on campaign training, has been updated several times, and is still used by union staff and activists.[8] It provides an in-depth analysis of research and setting goals, organizing the committee, pressuring the employer, and bargaining. In the same time frame, the Steelworkers published their *Building Power: How to Take the Offensive and Win a Better Contract* and the Communications Workers of America published *Mobilizing to Build Power*.[9]

What is fascinating is that the SEIU manual has an entire section titled “Involving Workers in Research.” It suggests that the union should be “taking advantage of the knowledge they have gained by observing the employer from the inside … making workers feel that the campaign is theirs, and not being done *for* them by staff or consultants … [and] teaching workers new skills they can use in future work.” They also suggest that “one way is to have them [the workers] go with experienced SEIU staff to obtain documents.”[10]

Regrettably, these important insights did not become a common union practice under the staff-centric old research paradigm. But these resources demonstrate that the idea of involving workers in the research process has been around for some time.

Since these early manuals were published, unions have generally avoided making their campaign strategy guides public. One reason for this lack of publicly available union training materials stems from concern about management gaining access and using the information against the union in legal proceedings. Anti-union lawyers have used tactics like these against strategic campaigns, pushing for prosecution using the Racketeer Influenced and Corrupt Organizations Act (RICO).[11] It’s important to note that there have only been limited findings against unions in terms of strategic campaigns, but these legal proceedings can have a chilling effect.

Bearing in mind those risks, the major problem of keeping secret the techniques we’ve all learned for strategic organizing and bargaining is that

it severely limits the education of staff, leaders, and rank-and-file union activists, which we desperately need at this moment. Rather than sharing these materials broadly, holding this information secret severely limits our capacity building.

In many ways, this is no longer necessary, given that anti-union groups openly publish documents that detail strategic union campaigns and tactics and also offer ways to neutralize them. Similarly, a number of books and articles about strategic campaigns by academic and management consultants have already been published.[12] A report from the US Chamber of Commerce published in 2018 details the many ways that unions have used the SEIU *Contract Campaign Manual* to create legal and regulatory pressure against the bosses, practice salting (the strategy in which a union-backed person applies for a job in order to spark union organizing), use flash mobs, and more.[13] The focus of the report is to demonstrate the chaos these tactics cause, because they operate outside the proceduralism of the NLRA.

Another report, published in 2013 by the Association of Corporate Counsel and sponsored by Jackson Lewis, outlines tactics used by unions to pressure employers, and it provides a case study of an SEIU 1199NE campaign to organize Yale New Haven Hospital service workers.[14] This report references the 1985 IUD manual discussed above—further demonstrating the fact that very little has been published since the 1980s about strategic campaigns and how to win them.

The bosses are prepared and well-informed. They study our campaigns and our tactics. It does the labor movement no favors to keep our strategies from the masses, and continuing this secrecy is unnecessary and self-defeating. Through our website, StrategicCorporateResearch.org, and this volume, we aim to effect change by providing broad access to the materials we've developed so that a wide number of rank-and-file activists can make them their own and put them to work in their campaigns.

A number of publications about campaigns have also come out of community organizing. In many ways, this began with the Student Nonviolent Coordinating Committee, which established a research office in 1965 to understand the power dynamics behind Jim Crow.[15] Saul Alinsky's *Rules for Radicals* was published in 1971 while the labor movement was still deeply mired in the proceduralism of postwar labor relations,

articulating a sophisticated understanding of campaigns and tactics. It would be more than two decades before unions—no longer institutionally protected—would embrace this kind of campaign approach. Alinsky was a complex and controversial figure, and a more careful assessment of his legacy is beyond the scope of this volume. But we need to recognize that his early thinking about campaigns was pioneering.

### Saul Alinsky's Rules of Power Tactics

The following list comes from Alinsky's *Rules for Radicals: A Pragmatic Primer for Realistic Radicals* (New York: Vintage, 1971), 127–30.

1. Power is not only what you have but what the enemy thinks you have.
2. Never go outside the experience of your people.
3. Whenever possible, go outside the experience of the enemy.
4. Make the enemy live up to their own books of rules.
5. Ridicule is man's most potent weapon.
6. A good tactic is one that your people enjoy.
7. A tactic that drags on too long becomes a drag.
8. Keep the pressure on, with different tactics and actions.
9. The threat is usually more terrifying than the thing itself.
10. The major premise for tactics is the development of operations that will maintain constant pressure upon the opposition.
11. If you push a negative hard and deep enough, it will break through into its counterside.
12. The price of a successful attack is a constructive alternative.
13. Pick the target, freeze it, personalize it, and polarize it.

Many of his "Rules of Power Tactics" remain incredibly relevant, having foreshadowed what would become common practice in community and labor organizing (see text box 9.2). His focus on going outside the experience of your adversary, holding them accountable to their own rule

book, and keeping the pressure on are still fundamental building blocks of campaigns. His focus on ridiculing and personalizing targets, however, feels dated and is not the direction in which campaigns have moved—now favoring more of a social justice focus.

We have already seen how the Farmworkers, through Fred Ross Sr., built on Alinsky's framework. Community organizing has also used Alinsky's methods to build more sophisticated models of campaigns. One of the best examples comes from the Midwest Academy, in its *Organizing for Social Change*.[16] Going beyond the broad principles set forth by Alinsky, *Organizing for Social Change* lays out a concrete model for building a campaign. Its strategy chart articulates the goals of the campaign, organizational considerations, constituents, allies and opponents, targets (primary and secondary), and tactics.

## The Three Principles of Effective Campaigns

Reviewing all these materials, three guiding principles emerge for building campaigns. Effective campaigns must be: (1) escalating, (2) multifaceted, and (3) outside of employers' experience. Let's look at each.

Building escalation into a campaign is a time-honored practice among organizers and is part of every organizer's toolbox. Instead of asking members to strike right off the bat, for example, a union will start by asking members to wear union buttons, then put on union T-shirts, and then join an informational picket line. The *Contract Campaign Manual* suggests that through escalation, "members learn to become an organized force by starting with relatively easy actions and building step by step towards stronger action."[17] In this way, escalation is a mechanism by which workers gain a sense of their own power as they see the impact of their collective action. But as the CWA's *Mobilizing to Build Power* reminds us, "Understand what your members are willing to do. Don't try to push people too far, too fast."[18]

Using escalation also allows organizers to evaluate the campaign as they go. For instance, if you discover that only a handful of workers on your site wear their union T-shirts, that is important information to consider before attempting future escalations—which would inevitably fail. If a structure test fails, pause the escalation and do some additional groundwork and organizing before proceeding. In *No Shortcuts: Organizing for Power*

*in the New Gilded Age*, Jane McAlevey points out that structure tests are tests of worker agency, or "the power of the workers' own organization."[19]

Escalation also sends a powerful message to the employer, demonstrating the union's power and the potential for more aggressive tactics. As SEIU's campaign manual says, "Gradual escalation also teaches management to take the unions seriously. And often, it makes the strongest tactics unnecessary."[20] To this, we can add one of Alinsky's rules for radicals: "Power is not only what you have but what the enemy thinks you have."

It has also become clear that it is not enough to focus on only one pressure point in your campaign. There is a long trail of wreckage of campaigns utilizing only one issue that ended in defeat. We need to run multifaceted campaigns, so that when one part of a campaign ebbs, another flows. As Alinsky suggests, we must "keep the pressure on, with different tactics and actions."[21]

And, as George Becker reminds us, we need to put pressure on the company every day—"Monday, Tuesday, Wednesday …"—which is what the Steelworkers did at Ravenswood. They built a safety and health campaign, an environmental campaign, an end-user (customer) campaign, and an international campaign, among others, to keep the pressure on. As one waned, another waxed.

Finally, successful campaigns innovate by building a strategy and developing tactics that go outside the employer's expectations. This is a critical way of changing the pace of the campaign and outflanking the employer. Instead of choosing tactics that the employer can predict, move outside their experience to supercharge the impact of your tactics.

In much of the postwar era, with the emergence of a complex set of rules and procedures, labor and management both were very circumscribed in terms of their behavior. As we saw, in the 1980s employers left this all behind as they took on an aggressive anti-union stance. Yet, too often, we in the labor movement continue those postwar practices that are well understood and easily defeated by management.

One area where unions have started to move beyond strategies that are expected of them is in bargaining, by ditching proceduralism in favor of tactics that build the democratic culture of the union. Typically, on the first day of collective bargaining, employers will suggest using the same ground

rules they have always followed, which include limiting the size of the bargaining committee and having a media blackout.

But why would we accept rules that place us at a disadvantage? As many unions now practice, greatly enlarging the bargaining committee not only challenges management in new ways but also increases the number of members involved in the process while helping keep the full membership, as well as allies and the public, in the loop. Many unions now go as far as simply rejecting all ground rules from the outset.

Likewise, unions are moving beyond expected tactics in union bargaining and organizing campaigns. The best example is the recent "Stand Up Strike" by the UAW against automakers. Traditionally, the UAW would choose one of the Big Three automakers to bargain with and strike the company if necessary. This is what the companies expected. But under the leadership of the new democratically elected president, Shawn Fain, the UAW moved in an entirely new direction. Instead of focusing on individual "choke points," as they did in the famous GM sit-down strikes of 1936–37, the union constantly added new locations where they struck based on what was happening at the bargaining table. Using what Ganz has called "strategic capacity," the campaign was always evolving and changing based on new information. The employers didn't know where the union would strike next, and this brought about a historic victory for the UAW.

Similarly, in their campaign against Alaska Air, the Association of Flight Attendants–CWA (AFA) built a whole campaign around moving outside employer expectations. They introduced CHAOS (Creating Havoc Around Our System) precisely to interrupt normal operations at the airline. They explain:

> CHAOS is AFA's trademarked strategy of intermittent strikes and other nontraditional work actions. It is an integral part of our public contract campaign, and the strongest weapon in our arsenal. The form CHAOS takes will be unique. Where an intermittent strike against a few flights might work best at one airline, an all-out strike for a day or a week might be the best tactic somewhere else. CHAOS is so powerful because we can adapt it to the specific facts of our campaign, keeping airline executives off balance with the element of surprise.[22]

This is exactly the approach that unions need to use to move their campaigns beyond traditional tactics that the employer can anticipate.

## Designing a Successful Campaign

As you begin to build a strategic campaign, image 9.1 will provide a visual representation of the ways you can use your research to create a strategic summary as well as an analysis of your power. The strategic summary details the decision-makers, key relationships, profit centers, and growth plan that will be the targets for your campaign. This is where you will use specific tactics to bring leverage to bear. But rather than thinking of this leverage in a general way, you need to link it to what you have identified as your sources of power. The question for you and your team now becomes: What kind of power do we use against which target? And what kind of tactics do we use to bring this pressure to bear?

# From Research to Campaigns

**Image 9.1** www.StrategicCorporateResearch.org

Here we remind you of the three campaign principles we summarized earlier in this chapter: campaigns must be multifaceted, they must build in escalation, and they must go beyond the employers' expectations. We also

created the campaign calendar in image 9.2 to help you visualize this process. As you can see, each part of the campaign identifies a target and the kind of power you will use. We include space for various different parts of the campaign, making it multidimensional. And we have made space in each one where you can build in escalation as you move across the chart.

# Campaign Calendar

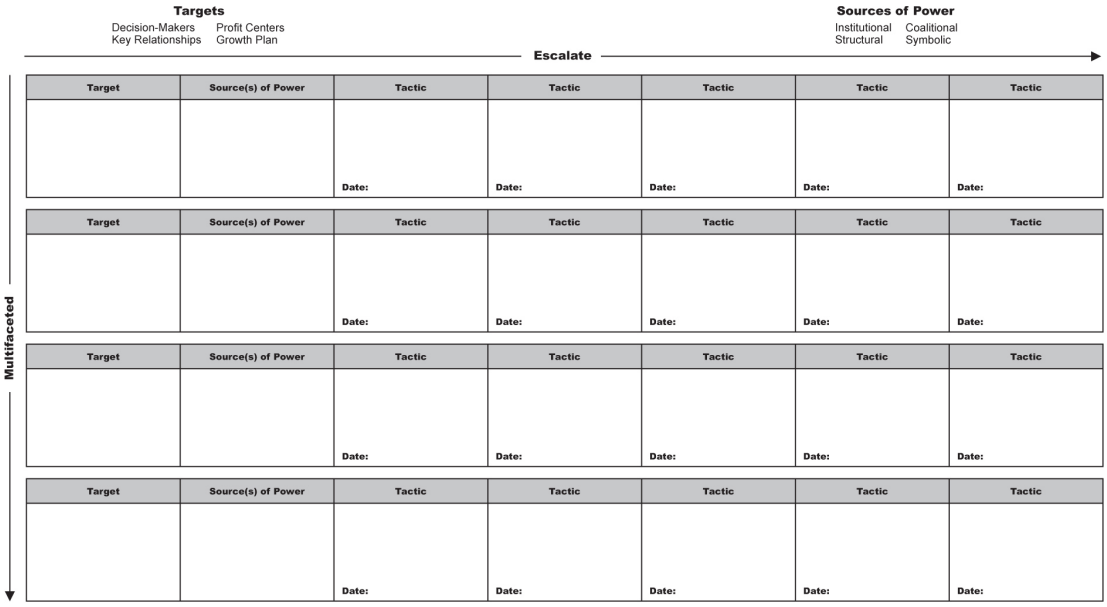



**Image 9.2** www.StrategicCorporateResearch.org

Ideally, we could have included the campaign calendar from one of the projects we have worked on. We will not, however, for fear that it could compromise campaigns that may still be in progress. Although we feel strongly about sharing this overall model broadly, we certainly don't want to cause harm by sharing the details of any one campaign. Instead, we present some individual examples from our work to illustrate how to use this campaign calendar and how to apply what we (and now you) have learned.

First, pull your team together, and start by listing as many targets as possible. You may end up not focusing on them all, but it is important to think as widely as possible: what might seem marginal now may become a central part of your campaign down the road. Use multiple calendar pages, flip charts, and whiteboards.

Once you have prepared your list of targets—a growth center, a supplier, a board member, or a major shareholder—it's time to work through all the various types of power you have and determine which one (or several) could provide leverage. Is it coalition power you are using against a customer, symbolic power against a board member, or structural power against a supplier? Here, too, take your time and brainstorm with your team about all the ways you can use different sources of power in your campaign.

Now it is time to choose campaign tactics. What steps will you take to bring a certain kind of power against a target? There are a number of boxes on the calendar so that you build escalation into each of these series of tactics. And remember, too, in your choice of tactics, to move outside the expectations of the employer whenever possible. Here are some examples.

Let's imagine that you work at a firm where it is clear that even a minor slowdown by workers would deeply impact customers. In this case, your union clearly has tremendous structural power and will want to start organizing to use its associational power to build a strong organization that can exert this structural power. Your union will want to use principles of escalation that every organizer knows—asking workers to wear buttons, then T-shirts, and then to engage in informational picketing, while getting ready for a strike if necessary. But rather than exerting pressure directly against the decision-makers at the outset, your union decides to focus first on exerting pressure indirectly through the firm's customers.

A campaign like this could begin with the union corresponding with major customers, informing them that the union and the company are entering into collective bargaining and that the union does not anticipate any interruption of services. Nothing more, nothing less. Note that from the very beginning, the campaign has moved outside of expectations, in that the union has never been in touch with major customers before. Just receiving this correspondence from the union would result in calls and emails with management.

But the pressure on the secondary targets would not stop here. In the next step of escalation, the correspondence with these secondary targets would indicate that bargaining has been difficult, but still the union is not expecting any work stoppages. Here, or at one of the other steps of escalation, the correspondence could take the shape of a registered letter. Given how most of communication today takes place electronically, receiving a registered letter is outside the employer's expectations.

In the next level of escalation, the union would raise the alarm bell that service might be interrupted. This would likely result in more direct communication with management by these key customers, who are beginning to worry that their business might be interrupted. Regular correspondence from the union with major customers makes the threat of a work slowdown or strike much more real. In the next stage, the union would suggest that they are considering a demonstration at the customer's facilities.

The escalation shows both the key customers and management that the union is organizing and knows how to move up to the next step. It is almost as if you are setting the stage for customers to anticipate a job action as a result of the company's unwillingness to bargain. It is important here to recognize that you can escalate fast and hard against a secondary target, like customers. Escalating too much against a decision-maker may leave scorched earth and cause them never to settle. This is not true for key relationships. Because they are not decision-makers, escalation does not carry the same risks of retaliation and intransigence.

In reality, the union would have many more components to their campaign, focusing on different targets and using different types of power. A very different kind of campaign emerged at Apple retail. Early on, it was clear that workers at Apple retail stores had some serious issues with how they were being treated. This included pay inequities by race and gender, scheduling issues, and personal safety.

Workers felt strongly about these issues, and the team's research discovered that shareholder activists had pushed to pass a shareholder resolution in 2022 requiring Apple to cooperate with a civil rights audit over the objections of Apple's leadership and board. While this third-party audit might have addressed some of the workers' concerns and provided a

source of leverage, the team felt that a survey of workers conducted by the union around civil rights issues in the workplace would be helpful.

The union followed through on this aspect of the campaign and conducted interviews with workers in March and April 2023. Workers published their report at AppleRetailUnionReport.com, gained some national news coverage, and presented their findings to shareholders.[23] A group of activist shareholders pushed Apple to conduct an assessment of its commitment to workers' labor rights. Once it was published, the shareholders condemned the assessment because it lacked "crucial worker input."[24] This type of campaign would use symbolic power to leverage a secondary target—activist shareholders. Given the shareholder activism already in play around civil rights issues, the workers and their union believed they had a strong chance to use activist shareholders to expand those concerns to address more immediate workplace issues. So what did this campaign look like?

In the first phase of the campaign, the union, in consultation with its members, designed and administered a survey (this was done through interviews with workers). In the second phase, they used the data they collected to write a report presenting their findings and published it online. Given that Apple is very concerned about its reputation, issuing this report had a major impact.

If your union is in a position to use a tactic akin to this, there are some simple ways to build escalation into this type of action. For example, a report may be written primarily for an audience of activist shareholders, but it could have other uses as well. In this or the next phase, the white paper could be sent to management as a private document asking them to address these concerns; if management did not, it would be sent to the press, the public, and shareholders. In this way, the white paper could also be used to apply direct pressure on the decision-makers while giving them opportunities to settle before the action gains more attention.

In the next phase of escalation, the union and workers could identify the key shareholders and then send the white paper to them. At the same time, the workers and their union would begin to contact sympathetic journalists who might be interested in breaking and following this story.

The next phase would make the report public and announce a shareholder resolution addressing worker concerns. It would also call for

neutrality in union elections. In the case of the Apple retail workers, their report and their call for neutrality was bolstered by the fact that the National Labor Relations Board had recently found that Apple committed a number of unfair labor practices (ULPs) against workers who were organizing.[25]

These governmental decisions represent institutional power directed at the decision-makers, but they, too, can be used to support activist stakeholders. Such decisions can also be used to demonstrate that the employer is not as employee-friendly as it claims to be, and those revelations could be used to educate members and help build the union through associational power. The journalists that the workers had been in touch with could break this story and create another avenue of pressure on the decision-makers.

These examples should provide you with a way to use the campaign calendar and put your research findings into action. The process, however, needs to be dynamic. You just don't come up with a plan and execute it. Some tactics might work out to be robust, while others could turn out to be duds. Some targets might look great on paper but then end up being useless. And some tactics for which you had little hope of working might become game changers.

The whole campaign process is fluid. Thinking back to the spiral model of popular education, you are adding new information and extending your analysis. As Marshall Ganz recognized during the early days of the Farmworkers, it's about gathering relevant information and using "strategic capacity" to adjust actions. You must constantly evaluate the campaign and adjust your approach as necessary.

This is not just a process by staff and leadership. As we have argued throughout, workers need to be completely involved in all aspects of a campaign, which only strengthens our hand. Why ignore the often-encyclopedic knowledge of rank-and-file workers? As Chris Brooks has observed:

> I've found that unfortunately a lot of strategic thinking is really monopolized by staff and leadership. And how do you build the ability to think about strategy? How do you build vocabulary? How do you build common sense? And how do you engage in meaningful debate and discussion as rank and file if you're not

> included in those discussions? The only way to develop strategic skills and strategic thinking is by actually engaging in it. And so what's great about the groups … we created is that there was this constant opportunity for people to be thinking about what it looks like to build power as a union.[26]

Another researcher we interviewed adds, "I think there's an interesting set of tacit knowledge that's involved in translating research into those tactics. So getting those different things down … would do a lot of good for both workers and for organizers."[27]

## The Case of eBay/TCGplayer

In early 2023, 270 workers at an eBay subsidiary, TCGplayer, filed for a union election. These workers staff a trading card authentication and distribution center in Syracuse, New York. during the organizing campaign, workers (TCGunion) dug in deep to build relationships with each other and reach a strong supermajority of union supporters. After the filing, the company engaged in surveillance and interrogation of workers. Using their institutional power, the union responded by filing unfair labor practice charges with the NLRB, followed by additional ULP filings in February and March.

In early February, the workers opened another front, sending the board of eBay a letter alerting them to union-busting actions taken by TCGplayer. The workers used digital and multimedia communications tools, including a video about their campaign, cool T-shirts, and lots of memes. using its symbolic power, the union put out literature about the demands that mattered to workers, such as unfair metrics that created a stressful environment.

Tech and game workers and the broader labor movement stood behind TCGunion. Workers were also boosted by their coalitional power from workers across CWA's larger Campaign to Organize Digital Employees (CODE-CWA) and a series of support letters from other gaming and tech unions like MeowWolf, Noble Knight, and Paizo. A cross section of more than 2,700 supporters signed a solidarity petition to TCGplayer leadership demanding they stop union busting and adopt a policy of neutrality toward union organizing. Elected officials in New York expressed support for the worker organizing throughout the campaign.

From their research, the workers identified TCG's main profit center as the transaction fees they get from every sale on their platform. Consequently, the company is reliant on buyers who follow trends in the trading card game community, and those trends are led by online influencers. This made Twitter/X a particularly useful platform. When the CWA Twitter account posted a management leaflet encouraging workers to call the cops on their coworkers if they were visited at home, it elicited a backlash against eBay by trading card influencers.

On March 10, the NLRB confirmed the final vote count of 136–87 in favor of forming a union with CWA. The company appealed. But in the meantime, the union would need

to start building for a first contract. They would utilize and escalate the tactics they used in the organizing drive.

The workers launched a solidarity sign-on letter to eBay's new pick to lead TCGplayer, Rob Bigler. Shareholders took notice of eBay's union busting, and a coalition of investors led by the New York City comptroller sent a letter to eBay in June. In July, a TCGunion bargaining committee member visited the White House to discuss organizing.

In early August, the union delivered the solidarity petition with 7,200 signatures. Then, on August 10, the NLRB decided against eBay, throwing out the company's appeal of the election.

In late August, an online news outlet discovered that eBay had modified its human rights policy statement, removing language related to respect for collective bargaining and freedom of association. After investors raised alarms, the language was partially restored, though still weakened. Shareholders got no response from eBay about this issue and filed a proposal for an independent party to investigate its practices related to freedom of association.

After the NLRB forced eBay to recognize the union, bargaining began in September 2023. The company agreed to few bargaining dates, and the first several sessions made little headway, with the company proposing language that would undercut basic union rights. Workers escalated their tactics, picketing and leafleting outside the homes and offices of board members, including board chair Press Pressler and director Logan Green. On December 19, 2023, the NLRB found merit in a number of unfair labor practice charges against eBay, resulting in a settlement in spring 2024 in which workers received back pay.

The campaign continued to escalate over the course of 2024. A group of TCGplayer sellers protested anticompetitive practices by the company and made common cause with the Syracuse workers, appealing to the Federal Trade Commission to investigate. TCGplayer continued to be intransigent in union negotiations and faced more NLRB investigations into alleged labor law violations, such as unilateral changes to ADA accommodations and installation of surveillance cameras to intimidate workers. As bargaining continued past the one-year mark, workers held a rally with community supporters in early October 2024 and released a report showing that 87 percent of TCGplayer workers earn less than a living wage in Syracuse. They also began to hold informational pickets and take coordinated breaks, building toward a work stoppage if necessary to win their first contract.

**Nell Geiser**
Research Director
Communications Workers of America

CHAPTER 10

# Concluding Remarks

We hope that we have been able to get you excited about possibility. The possibility that with hard work and creativity, together we can still win. And win big. The possibility that, through a collective and inclusive process, we can learn how our employer is structured and find points of leverage to win our campaign and others in the future, while building a more inclusive, democratic labor movement.

We have shared with you our best thinking, drawn from many colleagues who have worked to make a more just world, with pride and dignity for all workers. But we do not see this project as a kind of magic bullet—you will need more than a six-week inclusive research project to win.

As we have stressed throughout, employers are very different from one another. Although we need to struggle against them all, some companies are easier to research, and some are easier to beat. And then there are those who challenge us at every turn and work from positions of great power.

We also need to recognize that unions come to this process with very different experiences and resources. Some unions, especially the new independent unions that have recently organized, may have very few resources beyond the commitment of organizers and activists who already have full-time jobs. Without dues, or with very low dues, and without funds to power the campaign, things will have to move more slowly.

Other unions have resources but may be top-heavy organizations that become threatened by rank-and-file participatory projects like this. Leadership may ignore findings and even make sure that the research work

stops. But if this happens, maybe some of the activism, energy, and skills learned by participating in an engaged way in a creative research project may become part of a campaign to challenge the current leadership and elect new officers. In some ways, what happens after we complete a research project is a bellwether, a structure test of how democratic and inclusive a union is.

For unions that are already moving down this path, we are hopeful that using this kind of participatory research will aid and strengthen your commitment to inclusion and democracy. And we, too, are excited about possibility. As we suggested in the prologue, we do not see this work as a completed model that simply needs to be applied to your struggle. Instead, we have introduced frameworks and concepts that we hope will start you down this road. It is a road that you will make by walking. This is the beginning and not the end. Solidarity!

APPENDIX 1

# How to Conduct a Research Project

As authors and activists, we believe that effecting change in the labor movement is crucial to creating more free, accessible spaces in which groups of people can conduct research and take advantage of the powerful resources at their disposal. We have assisted nearly a dozen union teams with setting up a six-week project as an introduction to strategic corporate research. We invite you to check out the resources at our website, StrategicCorporateResearch.org, as you create and engage your own worker campaigns. Here, we explain our model and some of our best practices—and warn you of the pitfalls we hope to help others avoid.

## A Six-Week Project

The six-week project is a quick and surprisingly exciting way to get rank-and-file members as well as union staff engaged in the research process, and it has the potential to energize a campaign that members are already invested in. In these short six weeks, we work with a team of union staff and rank-and-file members to rapidly collect as much information on the target firm as possible. By the end, we might not have filled in information for every one of the twenty-four question areas we recommend. But six weeks allows for a significant amount of legwork to be completed on the research document, and it gives rank-and-file workers enough time to feel comfortable engaging with the research process. All the team's hard work gives us enough information to begin formulating a strategic campaign.

Why six weeks specifically? People like to volunteer, but not forever. Veteran organizers understand that you can maximize participation by

limiting the amount of commitment required from individuals. This is why we prefer this length of research project. Six weeks allows enough time to complete the work for a preliminary reconnaissance of a firm, and we have found that most workers and union staff, as well as officers, can make this level of commitment. On one of our projects, we extended the time to twelve weeks and found that we could not keep a core group together for that long—ironically, we were able to accomplish much less, despite giving the project more time.

More work will need to be done after six weeks. But by building the document together, the core group of researchers will be able to build on the momentum going forward, even while some participants may swap out with new members. We encourage every research group to set up a formal committee to delve into more specific research and tactical projects that will build out the campaign plan.

Below is a sample outline of a six-week research plan. Of course, we adapt the research flow as we find out new information and respond to the needs and goals of the team.

**Week 1:** Make introductions, present an overview of the process/goals, collect initial information, announce first assignments.

**Weeks 2–4:** Report back on findings, learn something new, add additional assignments.

**Week 5:** Summarize the document, identify sources of power.

**Week 6:** Plan the campaign.

## Creating a Research Team

One of the most important tasks when getting started will be selecting people to participate in the project. We have found that eight to ten is a good number of participants, enough to make sure that the work can be fairly distributed among the group and that conversations during meetings can be lively but not overwhelming. In a group of eight to ten, everyone can have an opportunity to share without extending the meeting by hours. At the same time, it won’t be terribly quiet when one or two people have to miss a meeting.

When looking for participants, we recommend consulting a wide range of rank-and-file members to ensure that the best people are selected to work on the project. We’ve found that rank-and-file organizers and union

stewards are often excellent participants. Well-respected workplace leaders are likely the most knowledgeable workers, as they are usually the folks who have put in the most time at the company and have invaluable tacit knowledge of company culture and strategy.

Through these various projects, we have been impressed by the specialized knowledge that many workers bring to the group. For example, a worker in one group we collaborated with had advanced training and deep expertise in another firm about safety and health. It is important that the group be as diverse as possible, by demographics, job title, and work location. Diversity ensures broad participation and a wide variety of voices at the table.

## Project Coordinator

Our best research projects all had one common factor: an excellent project coordinator. The project coordinator is the individual from the union who will schedule the meetings, find participants, ensure that everyone has access to a computer or smartphone, and so on. But the job of the project coordinator doesn’t stop at logistics.

Conducting research, especially using a more participatory approach, is not simply a technical process. We are constantly reminded that these projects are organizational efforts that require social relationships and trust. A strong project coordinator uses their best organizing skills to repeatedly make the ask of participants by ensuring they will continue to engage with the research team.

Each week, the project coordinator should reach out to participants with emails, texts, or phone calls to make sure they are both doing the work they agreed to do and that they will participate the next week. This kind of hand-holding is critical. We are asking workers to engage in a new and unfamiliar process. Even (perhaps especially) seasoned rank-and-file unionists are being asked to do something completely new, something they might feel unqualified to do. A big part of the research process is proving to workers that they already possess valuable knowledge and that they can find and build on new information about their bosses. This is the same basic work that organizers do, and it needs to be done here. In our experience, the project coordinator is one of the major factors that determines how the project will go.

We have been privileged to work with coordinators who stay on top of the organizational issues, which really facilitates the quality of the research. Conversely, committees get bogged down when people miss meetings or do not complete their assignments. The project coordinator must understand that leading a participatory research project is work and needs to allocate the time necessary for that work. Ideally, the project coordinator needs to be someone who is respected in the organization and knowledgeable about union staff and rank-and-file activists.

## Meet Weekly

To get the project started and to keep the momentum over six weeks, it is important to meet weekly. Since the beginning of the pandemic, people have become quite familiar with using Zoom or other online platforms, so it is not necessary to meet in person. Online meetings can also facilitate a larger and more diverse group of workers and union reps. It's best to choose a time and day and stay with that schedule for all six weeks. Set the time and put it on everybody's calendar.

In addition to the weekly meeting of the full committee, we have successfully used subcommittee meetings in between the weekly meetings. Some rank and filers find it more comfortable to do the work with a small subcommittee than by themselves. Sometimes the subcommittee is made up of their peers. In other cases, the subcommittee includes a member of our team or a union staffer. There are no hard and fast rules here. Be creative to make people as comfortable as possible and to put them on a learning track.

## How to Lead a Meeting

The best practice is for the meeting to be held for one hour, no more. We conducted all of our projects over Zoom and learned that digital fatigue sets in quicker than most people believe, so it is best to have a clear and tight agenda and work through it in an efficient manner. If run well, one hour is more than enough time to address the work at hand and consider any new issues. Participants appreciate a short, well-run meeting, and it builds commitment to stay with the project over the entire six weeks.

Each session should include three basic parts. First, it should begin with all participants sharing what they have found, gathered, or analyzed during the previous week. Not only does this encourage participants to

present their findings, it also recognizes them for their efforts. Initially, participants may need to be drawn out, but it is worth the effort to get 100 percent involvement.

Second, it is important in each meeting to teach something: how to use a database or approach an analytic framework, to make sense of what we have found, or how to conduct financial analysis. It's best to teach what can be put to use right away. For example, early on in the program, we often teach participants how to use the SEC's EDGAR (Electronic Data Gathering, Analysis, and Retrieval) database to find a 10-K report and a proxy statement in the US—or the annual information form and the management information circular in Canada from SEDAR. We then ask participants to read them and summarize what they've learned.

Finally, we conclude each session by detailing information still missing, tasks left incomplete, and new assignments for the following week. It is important here that the project coordinator, or a designated person, takes notes to share with everybody about the assignments. This provides clear direction and maybe a bit of social pressure to hold people accountable. Using our twenty-four question areas as a model and filling in the answers on an accompanying Google Doc streamlines this process.

And don't forget that everyone on the call should be given an assignment that contributes to the research document. No one is exempt from doing the nitty-gritty work of hunting down information. Union leaders, academic researchers, staff, and rank-and-file members should all be given assignments. This process is about eliminating the hierarchy that divorces members from the work of the union. It is not about replicating the hierarchy that treats workers as "cannon fodder" for a picket line or, in the case of strategic research, as drones on the hunt for data.

We also recommend maintaining a separate spreadsheet containing everyone's assignments for each section so that the project coordinator can track which sections have been completed and whether everyone is participating. Those who don't have time to complete the sections they've volunteered to complete in a week may want to step back or join a subcommittee to work through the questions with a colleague.

Throughout each meeting, it's important to build workers' confidence in the process as well as in their own research skills in order to keep their interest piqued. We've found that highlighting some of the best finds of the

week, and then explaining the potential value of the information to a future campaign, goes a long way to ensure that workers feel heard and understand the vision for the project. Additionally, by calling out some of the best examples of this research, we can demonstrate to the team the type of information that we are looking for while praising workers who delivered on their assignments.

## Debrief

It's helpful to schedule debriefing sessions with key individuals on the call after each weekly group meeting. The debriefing should include the project coordinator, and it also might include union staff, organizers, professional researchers, or member leaders. The meeting does not need to be extensive, and it's often easiest to simply stay for a few minutes after the weekly group meeting to touch base and take a temperature check. This solves the problem of setting up another meeting time, and it allows participants to debrief while their memory is clear. A debriefing like this quickly identifies any potential problems and allows for adjustments to be made before the next big group meeting. For example, if participants are running into a roadblock with a particular question or need additional time learning how to use a research tool, the team can plan how to address those issues moving forward. Particularly for these types of issues, we've found that an effective solution is to schedule "office hours" wherein a knowledgeable researcher will be available to help participants with a certain question or resource.

Debriefings can also be helpful to discuss particular issues with the meetings themselves. We have found that in some projects a number of participants are really involved and vocal while others stay completely silent. Although we acknowledge the possible disparity between participants' levels of comfort speaking up in a group, we also want to make sure that everyone has an opportunity to contribute. Tackling these issues by making a plan for the next meeting in a group discussion is often a helpful way to navigate the situation.

The debriefing is also an important opportunity to evaluate progress. Are there sections of the document that have been ignored or skipped over? Are there specific finds that would benefit from additional follow-up? Does everyone on your team have an assignment? Are they completing those assignments or stalling out? Asking these questions and then creating a plan

to resolve them is where union staff and researchers can provide their expertise.

## Making Research Accessible via Shared Online Platforms

Often, when workers start to do this research, they begin by only reading the information they find. We admit that new researchers may need to find their bearings, but we caution against perusing information without ever writing it down. A research project like this is a team process, and we all need to be able to access the information others have found.

In the past, one of the obstacles to democratizing the research process was storing the information in an accessible location. Typically, this information was on one individual's computer, or passed around using track changes. New platforms such as Google Docs have changed all of this.

We have typically used Google Docs very successfully as a repository for all research information gathering in our participatory projects.[1] Google Docs works well, but we know some of our colleagues are hesitant to use a Google product. Thankfully, there are alternatives to Google Docs, such as Dropbox or using a Word document on Microsoft SharePoint. The important thing isn't the type of document being used, but rather that research teams are collecting all the information in one singular location. As one of our participants noted, "I understand what we are doing. We are taking everything we know and putting it in a collective space." For teams that want to use Google Docs, we have already populated a document with the twenty-four question areas that can be copied into any Google Drive.[2]

Do not assume everyone knows how to use Google Docs (or any other shared document system). Part of making research accessible is ensuring everyone knows how to use the digital tools that are part of this project. Make a small investment of time up front; take a few minutes going over the shared document interface and explaining the features of the platform. We recommend robustly using the comment function in Google Docs. It is a great way to track what is missing or what is contradictory within the document.

## Populating the Research Document

Many workers are initially daunted by the idea of adding information to the research document and making observations about what they find. Even

workers who are familiar with research might be anxious about their contributions because corporate reconnaissance isn't their area of expertise. Workers often doubt their qualifications to engage with this work. We have several ways to build their confidence. First, we always like to start by hearing from workers about their own knowledge of the firm. Initially, this information might be difficult to draw out of participants, but with a little coaching and excitement on the facilitator's part, the information flow can transform from a trickle to a surge. By populating the document with workers' own firsthand knowledge, we encourage them to share more and see the value in their contributions.

Second, when the workers have exhausted their initial brain dump, we move on to demonstrate one of the many ways to find new information online using the resources we've amassed on StrategicCorporateResearch.org. As we've stated previously, sometimes these resources can't be mastered overnight, but with some help, we've always found workers are capable of engaging with the sources we've collected.

The task for all participants is to cut and paste the information they find online into the appropriate section of the shared document. Workers may initially doubt their ability to distinguish between what "useful" and "useless" information they should cut and paste. We like to reassure workers that their gut instincts are usually correct. If the information seems like it answers one of the many questions within the document, or even sounds interesting, we encourage them to include it. One rank-and-file researcher from Apple, Ian O'Hara, describes the research process at this early stage:

> I think there is always this pipeline of doubt and imposter syndrome. Does this work? Does it not? I think it's the same thing with research, where we were combing through endless, endless pages of just information after paper after project after record after article. It felt fun to go digging around and finding all of these interesting things. And I think I was just putting stuff on and seeing if it would be verified later; then we would go with it.[3]

At these initial stages, it is not about creating a pretty or even a consistent document but just getting all the raw information in one place. This is in and of itself a radical activity—taking everything they know about a firm and putting it into one place. There will be time later to analyze what you have gathered and to clean it up to make it a more useful document. But at the beginning, it is key that all participants see it as a repository for what they have found, whether it is a company document, a personal reflection, or a database spreadsheet.

## Annotation: Save Your Sources!

We frequently remind participants to annotate their research. This does not need to be anything fancy. We aren't asking workers to use MLA or APA format. We ask participants to simply note where they have cut and pasted from by providing the link to the original source. This allows the whole team to be able to go back to the sources to verify or look for additional information. Sometimes we also ask participants to upload copies of their sources (like PDFs or PowerPoints saved from other sites) to a shared folder online.

## Is This Safe?

We know some workers feel uneasy about gathering information about their employer because they are concerned about being fired or otherwise targeted by their boss. It's helpful to remind workers that most of the information found online is public information, which means anyone can access it. This isn't Watergate. The point is to gather information the union needs but has rarely put the effort into collecting before.

Sometimes workers share information about their employer that would be considered insider information—meaning only one individual knows, or a select few. Again, this is perfectly acceptable. Workers are allowed to speak to one another while they are off the job. If they want to collect their stories on a single document, that is their right.

If workers are really uneasy about sharing their inside knowledge of a firm (for example, some workers are required to sign an NDA), they can take extra precautions to ensure their work is safe from spying eyes.

## Continuing the Work

As we said at the very beginning of this appendix, the work is never complete. Just like organizing, research is not a means to an end, but a continuous process workers should engage in all the time.

Research doesn't stop, even when the document of the twenty-four question areas is complete. The boss's strategies shift, investments change hands, new subsidiaries are acquired. We often describe the research documents that we create during these projects as "living documents." In other words, they are always works in progress. Like a living organism, they should continue to grow and adapt. That means the work of the research team is never complete. Susan DeCarava explains how her perspective on the research committees in the NewsGuild adapted over time:

> We had originally conceived of these committees, these working groups, as part of prepping for bargaining, right? But they're so valuable, we realized, "We should just make it a standing committee and continually update the information because it informs so many other things." Sometimes it affects grievances that we're fighting over and we know, "Oh, actually we can have a big impact by having a collective action around this particular issue because we realize it's tied to *x*," right? It reinforces the idea that as workers, you have a legitimate seat at the table that's not given to you by the company but because we've done the research, and we show literally it wouldn't be there without you.[4]

Nell Geiser has a similar perspective on creating research committees that support the democratic principles of the CWA:

> We've made a lot of headway in creating … research and campaign committees that are subcommittees of larger organizing committees or mobilization committees. … We have found that what works best is if these subcommittees on researching campaign strategy are integrated into the larger campaign, are aligned with [what] the campaign escalation timeline and goals are long term, and adapt to the needs of any given moment in the campaign.[5]

APPENDIX 2

# Advisory Board

Dan Atkins, Partner, Flightpath Economics

Chris Brooks, Assistant to the President, United Auto Workers

Simon Collins, Researcher, Canadian Union of Public Employees

Susan DeCarava, President, the NewsGuild of New York

Nell Geiser, Research Director, Communications Workers of America

Alan Hanson, Assistant Director, Organizing Department, United Auto Workers

Brad Murray, Manager of Research, American Federation of Teachers

Sara Nelson, International President, Association of Flight Attendants–CWA

Marybeth Seitz-Brown, Deputy Organizing Director, United Auto Workers

Garrett Stark, former Organizing Director, the Alphabet Workers Union

# Acknowledgments

We would like to begin by acknowledging the unions that we have worked with over the past two years that helped to develop this model of strategic corporate research. This includes: workers and staff at the NewsGuild of New York at the *New York Times*, Reuters, Gannett, and the *Pittsburgh Press*; the United Food and Commercial Workers at Tyson Foods; the Alphabet Workers Union (Communications Workers of America); Apple Retail Union (Communications Workers of America); the Association of Flight Attendants at Delta Air Lines; and Trader Joe's United. We built this new approach together.

Many of the staff and leadership of these unions graciously joined our book advisory board, including: Dan Atkins, partner, Flightpath Economics; Chris Brooks, assistant to the president, United Auto Workers; Simon Collins, researcher, Canadian Union of Public Employees; Susan DeCarava, president, the NewsGuild of New York; Nell Geiser, research director, Communications Workers of America; Alan Hanson, assistant director of organizing, United Auto Workers; Brad Murray, manager of research, American Federation of Teachers; Sara Nelson, international president, Association of Flight Attendants–CWA; Marybeth Seitz-Brown, deputy organizing director, United Auto Workers; and Garrett Stark, former organizing director, the Alphabet Workers Union. They were invaluable in shaping this volume, and we very much appreciated them staying with us through successive drafts. Their interviews allowed us to build on the work we have done over the past two years.

We are grateful to Mary Bagg for her skillful editing and the care she took with these pages.

Finally, we were privileged to work with the staff of PM Press: Ramsey Kanaan for getting the project off to a great start, Joey Paxman for following the book through production, and Wade Ostrowski, whose meticulous editing made sure that we got everything right. We couldn't have asked for a better publisher.

### Tom Juravich

I would like to thank my colleagues at the Labor Center at the University of Massachusetts Amherst, which has been my home for thirty years. They believed in this work and made the space for it to thrive and grow. I have also been privileged to teach hundreds of students in my labor research class. Their engagement with strategic corporate research very much cocreated our approach. And I could not have found better coauthors than Olivia and Andrew. I was privileged to work with them to write this book.

I am also grateful to Teresa Healy. Although she didn't live to see the publication of this volume, her contribution was immense. We walked this road together, and her deep engagement made this a better book, and me a better person. I continue this work in her memory.

### Olivia Geho

I am so grateful to the faculty at the University of Massachusetts Amherst Labor Center for all of the work they do to pass on the skills and knowledge created by the labor movement to a new generation of workers. I wouldn't be where I am today without the Labor Center, and especially not without my colleagues, Tom and Andrew, from whom I have learned so much.

I would also like to thank my family for giving me the courage to pursue work that makes my life meaningful. Without their steadfast belief in me, I might have ended up in a corporate job. To my friends, thank you for the lessons you have taught me and the hope you have given me. Finally, I would like to thank Sarah O'Donnell for her endless support and the many journeys we have shared.

### Andrew Gorry

Thanks to: the rank-and-file members, leaders, and staff at the Professional Staff Union and Massachusetts Teachers Association—especially Anneta Argyres, Miles Stern, Brad Turner, and Jonah Vorspan-Stein—who have

inspired me to put this theory into practice; the faculty and my fellow students at the University of Massachusetts Amherst Labor Center, including Tom and Olivia, who have taught and learned that theory with me; and of course my spouse, Eddie, and my children, Simon and Liminshine, who have given me solidarity forever.

# Notes

## Prologue

1 Interview with Marybeth Seitz-Brown, December 8, 2023.

2 Interview with Sara Nelson, December 8, 2023.

3 Jane McAlevey, “The Crisis of New Labor and Alinsky’s Legacy: Revisiting the Role of Organic Grassroots Leaders in Building Powerful Organizations and Movements,” *Politics & Society* 43, no. 3 (2015): 416.

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5 After our research work was completed, Chris Brooks and Marybeth Seitz-Brown returned to their work in New York and a new staff person from the NewsGuild international union began working with the Pittsburgh local. Part of the plan was started, but ultimately it wasn’t fully implemented. In October 2022, four production bargaining units went on strike, and the Pittsburgh Guild local went on a sympathy unfair-labor-practice strike soon after. While we believe that our approach would have been helpful, it is important to respect the democratic process of local union leadership and officials.

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## APPENDIX 1 **How to Conduct a Research Project**

1 When we worked with the Alphabet Workers Union, they were very reluctant about using Google Docs, and we chose Dropbox instead.

2 See this document at the Resources section of our website: https://strategiccorporateresearch.org/resources.

3 Interview with Ian O'Hara, January 29, 2024.

4 Interview with Susan DeCarava, December 11, 2023.

5 Interview with Nell Geiser, December 11, 2023.

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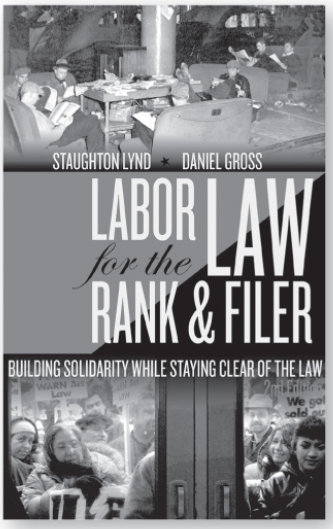


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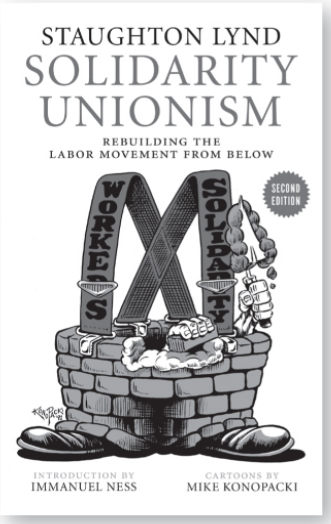


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workers and communities, the bleak and static perspective about the sorry state of labor today becomes bright and dynamic.

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